GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

FINANCIAL STATEMENTS

FOR THE YEARS

1874-75 TO 1877-78.

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FINANCIAL STATEMENT FOR 1874-75.

No. 2666.

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

Accounts.

FORT WILLIAM, *the 23rd April* 1874.

Read—

The budget estimates of revenue and expenditure and receipts and disbursements during 1874-75.

RESOLUTION.—A statement in explanation of the accounts of the year 1872-73, of the regular estimates of the year 1873-74, and of the budget estimates of the present year, accompanies this resolution.

2. The Governor-General in Council regrets that the Hon'ble Sir Richard Temple has been unable to prepare the financial statement himself; but the Government of India have had the advantage of his valuable advice and assistance in arriving at their conclusions upon the financial measures of the year.

3. The accounts of the year 1872-73 show a surplus of income over ordinary expenditure of £1,763,878. The particulars in which the accounts vary from the regular estimates are described in the statement, and call for no special notice.

4. The regular estimates for the year 1873-74, notwithstanding the loss of half a million sterling to the revenues caused by the expiry of the Income Tax Act, show a surplus of income over ordinary expenditure of £1,818,700. This result is apart from the expenditure caused by the famine, which will be subsequently noticed.

5. Explanations of the different items of revenue and expenditure are given in the statement. The analysis affords every reason for satisfaction.

The excess of the net revenue from opium over the budget estimate shows that the wise policy pursued during late years of taking a very moderate estimate of the revenue derived from opium has been maintained.

The ordinary sources of income have been fully sustained, excepting the land revenue, which has been slightly affected by bad seasons.

The civil expenditure has been estimated with remarkable accuracy. The only item which shows an unexpected increase is that of 'loss by exchange.'

The net expenditure upon the Army is expected to be £14,306,000, being the lowest amount for any year since 1863-64.

The net charge on account of the guaranteed railways shows a substantial diminution.

6. The expenditure upon reproductive, or as they are termed in the accounts 'extraordinary' public works in the year 1873-74 is estimated to amount to £3,541,000, and the loans to Municipalities, &c., to £539,300.

7. It will be convenient to recapitulate the principles by which the Government of India are guided in regard to the provision to be made for extraordinary' public works and loans to Municipalities, &c., for works of improvement.

In the year 1869 it was determined to draw for the future a stricter line between public works to be paid for out of income and by borrowing, and that only such irrigation works as were expected, after careful examination, to yield a fair direct cash return to the treasury, and state railways within certain limits, should be classed as 'extraordinary,' and, if necessary, provided for by loan.

Act XXIV of 1871 authorised Government to make loans to Corporate Bodies and Municipalities for certain purposes on the security of local or municipal funds.

In the financial years 1869-70, 1870-71, and 1871-72 funds were borrowed by the Government for these two purposes. Up to the end of the year 1872-73 the whole net sum borrowed was £10,872,551, to which is to be added recoveries from Municipalities, &c., amounting to £361,799, so that the total receipts amounted to £11,234,350.

Up to the end of the year 1872-73 there had been expended upon extraordinary' public works £7,580,433, and lent to Municipalities, &c., £3,699,748, making a total expenditure of £11,280,181.

Thus the sums disbursed by Government upon those objects from the year 1869-70 to the end of the year 1872-73 exceeded the sums received by £45,831.

8. Therefore, if the condition of the finances had made it necessary, the sum required for 'extraordinary' public works and loans during the year 1873-74 might with perfect propriety have been borrowed during that year, but (as explained by Sir Richard Temple in his financial statement of last year) the condition of the finances was such that it was not necessary to have recourse to borrowing.

9. The cash balances at the end of the year 1873-74 would have stood at 20¼ millions sterling, or about 3 millions more than the budget estimate, had not the famine thrown a serious and unexpected charge upon the resources of the year.

10. The Government of India became aware, at the end of last October, that the failure of the rains had destroyed the food-supplies of large and populous tracts of country, and they at once determined (to quote the words of the Viceroy's despatch to the Duke of Argyll of the 7th of November) not to shrink "from using every available means, at whatever cost, to prevent, so far as they could, any loss of the lives of Her Majesty's subjects in consequence of the calamity."

In carrying this determination into effect, they have received the cordial support of Her Majesty's late and present Governments.

11. The best estimate that can be formed of the net expenditure for famine relief will be found in the statement, and amounts, in all, to £6,500,000. A large part of the original outlay will consist in the purchase and transport of grain, and it has been a matter of some difficulty to determine how this should appear in the estimates and accounts. On the whole, it has been considered most convenient to include the expenditure consequent on the famine among the ordinary charges of the year in which it may be incurred, under a distinct heading in the accounts.

As a great part of the expenditure for the purchase and transport of grain has been met during the year 1873-74, while there have been few, if any, recoveries during that year, the net expenditure on account of the famine must be distributed between the two years, for the purpose of the estimates and accounts, into £3,920,000 for 1873-74 and £2,580,000 for 1874-75. It must be remembered, however, that, in fact, the principal part of the actual relief operations will be carried on in the latter year, and therefore, in order to present an accurate view of the whole transactions, the finance of the two years must be taken together.

12. After the expenditure on account of the famine has been added to the ordinary expenditure of the year, there will be a deficit of £2,101,300.

13. The total cash outlay during the year 1873-74 on account of the famine, adding advances for loans to the net expenditure, is estimated at £4,107,000. This sum has been provided out of the surplus of the year and the cash balances, with the assistance of £350,000 derived from the sale of certain securities, in which part of the surplus cash balances were temporarily invested at the beginning of the year 1872.

Notwithstanding this large and unexpected outlay on account of the famine, the cash balances are expected to amount, at the end of the year 1873-74, to £16,143,838, or only £920,730 less than was anticipated by the budget estimate.

14. It was stated in the resolution of the Government of India in the Financial Department of the 28th of March 1873 "that the estimates for "the year 1873-74 had been framed with caution; that the state of the cash "balances prevented any risk of financial difficulty during the year; and that "the general condition of the finances was satisfactory."

The regular estimates show that these anticipations have been fully realised under circumstances of no common difficulty.

15. The budget estimates for the year 1874-75 have been framed, as usual, with great care. Apart from the famine expenditure, they exhibit a surplus of income over ordinary expenditure of £1,192,000.

16. The explanations of the several items of revenue and expenditure given in the statement are, on the whole, satisfactory. The opium estimate has again been cautiously made, and the total revenue has been estimated at half a million sterling less than the regular estimate of 1873-74.

Although attention has been paid to the necessity of checking all increases of expenditure at a time when a large extra charge has to be met on account of the famine, provision has been made for the constitution of the Chief Commissionership of Assam, and for strengthening the administration in the Punjab and British Burma; an addition has also been made to the grant for irrigation works (ordinary), in order that profitable expenditure upon many works, which cannot properly be classed as 'extraordinary', may not be deferred.

The loan operations of the year will considerably diminish the item "loss by exchange;" but this relief is only temporary.

17. After making all due allowances, however, there remains, apart from the famine, a considerable surplus of income over ordinary expenditure, based upon cautious estimates.

18. This bears out the opinion expressed in the Financial resolution of 18th March 1873, that no additional taxation was required for the purpose of maintaining the finances of India in a sound and satisfactory condition.

19. After the expenditure on account of the famine has been added to the ordinary expenditure of the year, there will be deficit of £1,388,000.

20. It was explained in the resolution in the Public Works Department of the 18th of July last that the Government of India were prepared to proceed with 'extraordinary' public works, at the rate of 4½ millions sterling a year for the five years ending with 1877-78, out of funds to be raised, if necessary, by loan; and that, according to the best estimate that could be formed, this might be done without imposing any additional annual charge upon the revenues of India on account of guaranteed railways, state railways, and extraordinary public works.

In accordance with this programme, provision has been made for the expenditure of £4,563,000 upon 'extraordinary' public works during the year 1874-75.

21. The cash balances at the beginning of the year 1874-75 are estimated at £16,143,838. A sum of 4½ millions sterling has to be provided for reproductive public works, and half a million is required to meet loans to Municipalities and other loans under Acts of the Legislature.

There will, therefore, be, in the year 1874-75, a sum of 5 millions sterling, which, according to the principle explained in the 7th paragraph of this resolution, can legitimately be raised by loan. To this must be added a sum of 1½ millions, in order to meet the withdrawals during the year of part of the capital

standing in the Government Books to the credit of the guaranteed railway companies, and 2 millions for the purpose of meeting the deficit caused by expenditure and advances on account of the famine, and of making a slight increase in the cash balances.

Thus the total sum to be raised by loan during the year 1874-75 is, according to the information now in the possession of the Government, estimated at 8½ millions sterling.

22. Her Majesty's Government have obtained authority from Parliament to raise a sum not exceeding £10,000,000 in England on behalf of the Government of India. £5,000,000 of that sum have been called up, and this will provide for the requirements during the early part of the year. A sum of £860,000 will be received on loan under the arrangements entered into with the Maharajas of Gwalior and Indore for the construction of railways through their Highnesses' territories. The remaining sum of about 2¾ millions sterling, or such portion of it as may, as the year proceeds, be found necessary, will be raised hereafter in England or India as may be most advisable in the then condition of the money market.

23. The drafts of the Secretary of State upon the Indian treasuries have been reduced in the month of April to 40 lakhs of rupees at each periodical drawing. They will be still further reduced to 20 lakhs on and after the first drawing in May until further notice.

The Government regret that circumstances have prevented an earlier announcement of the measures in regard to the loans and the drafts upon the Indian treasuries.

24. The cash balance at the end of the year 1874-75 is estimated at £16,541,338.

25. From a review of the estimates of the years 1873-74 and 1874-75 taken together, it will be seen that in round numbers—

the surplus of income over ordinary expenditure is expected to be 3 millions sterling;

the net expenditure on account of the Bengal famine is estimated at 6½ millions;

after adding the cost of the famine to the ordinary expenditure there will be a deficiency of 3½ millions;

there will be expended upon "extraordinary" public works and upon loans to Municipalities, &c., 9 millions; and

that it is intended to raise by loan the sum of 8½ millions.

26. The sum to be borrowed does not equal the sum which will be spent in the two years 1873-74 and 1874-75 upon "extraordinary" public works and loans to Municipalities, for which purposes the Government of India were justified in borrowing money if necessary.

The condition of the finances has been so strong that an expenditure of 6½ millions sterling on account of the famine will be borne out of the surplus

of income over ordinary expenditure, and out of the cash balances, which stood very high, mainly in consequence of the large surpluses of income over ordinary expenditure in the three preceding years.

27. His Excellency in Council regrets that the necessities of the State in obliging the Government largely and rapidly to reduce their balances in the Presidency Banks have tended to produce considerable tightness in the money market, which was increased by the great demand for silver to meet the transactions of Government and of the trade for the purchase of grain. The general condition of trade has, however, been sound, and the Government are gratified to believe that nothing more than a temporary inconvenience has been occasioned by the large and exceptional financial transactions of the State during the last six months.

28. The Government of India are anxious to avoid the imposition of fresh taxes and any disturbance of the present financial arrangements of the country, and it is with particular satisfaction that they arrived at the conclusion that, notwithstanding the large and unexpected demand upon the resources of the State, no increase of taxation is necessary.

29. The large amount of the estimated expenditure on account of the famine, and the principles which have guided the Government of India in dealing with the calamity, make it necessary to examine whether, although upon the present occasion the charge can legitimately be met without fresh taxation, it will be safe to rely upon the present resources of India for the purpose of meeting future demands of the same kind.

30. If the occurrence of serious deficiencies in the food-supplies of the people in parts of British India depended upon causes so rare as the potato disease which produced the Irish famine of 1846-47, it would be sufficient to say that the expense of meeting such visitations should not be borne by one generation, but, in accordance with the course adopted by the Imperial Government in dealing with the Irish famine, the necessary funds might legitimately be raised by loan if the ordinary resources of the State should prove insufficient.

31. Unfortunately, however, drought, which is the cause of all serious and extensive famines in India, cannot be regarded as an extraordinary visitation. Within the last ten years there have occurred, in the year 1866, a drought very similar to that of last year, which occasioned what is termed the Orissa famine; in the years 1868 and 1869 a failure of rain in the North-Western Provinces and Rajpootana, which occasioned great distress over a considerable tract of country, and severe famine in Ajmere and Marwar; and, lastly, in the year 1873, a failure of the autumn rains in Behar and parts of Bengal, which has produced the present famine.

32. Such being the facts with which the Government of India have to deal, it would not be safe to depend upon loans for the purpose of meeting future charges on account of famines. Although means have been taken and will be taken to obviate or mitigate those calamities, some such charges must, for a time at least, be looked upon as contingencies to be expected to recur with more or less regularity.

33. It is necessary, therefore, that besides a fair surplus of income over ordinary expenditure, such a margin should be provided in addition in ordinary times as shall constitute a reasonable provision for meeting occasional expenditure upon famines. If the surplus be employed in the reduction of debt, in the construction of reproductive public works, or remain in the cash balances, the expense caused by future droughts may fairly be met by appropriations from cash balances, or by loan, to the full extent of the accumulations of surplus.

34. This condition of things has existed in India during the last four years, and the Government of India are resolved to use their best endeavours to maintain for the future a considerable surplus of income over ordinary expenditure, and thus to make provision beforehand for any calls which are likely to arise on account of famines.

35. But there remains the further and more important consideration whether the disastrous effect of periodical failures of rain may not be mitigated, and to a great extent obviated, by the extension of irrigation works and of railways, or other means of communication.

36. This subject has constantly received the attention of the Government of India. Already a vast area of country has been rendered secure from the effects of a failure of rain by the irrigation works which have been originated or renewed by the British Government. Had it not been for the large expenditure upon the construction of the guaranteed railways, it would have been physically impossible to have taken adequate precautions to preserve the lives of the people in Behar.

37. In the forecast of expenditure upon reproductive public works published in July last, it was announced that 2,700 miles of railway and irrigation works calculated to secure from liability to drought 50,000 square miles of country would be constructed during the five years ending with 1877-78 at a cost of 22½ millions sterling. This programme is sufficient to show that before the occurrence of the drought of last year the Government of India were fully alive to the necessity of a vigorous prosecution of such works.

38. A general review is now being made of the position of the whole of Her Majesty's Dominions in India as regards liability to famine from the want either of works of irrigation or of means of communication. It will be the duty of the Government to consider how far it may be desirable to accelerate the construction of reproductive public works, and if so, how the necessary funds shall be provided.

It is sufficient now to observe that a scheme of irrigation has been commenced which will give security to some of the portions of North Behar which are most liable to suffer from a failure of rain, and that surveys are being made of the tract of country which extends between the Gunduck and the Kosi rivers with the view of ascertaining the best lines of railway communication.

39. There will be found in the statement some interesting statistics and observations relating to the system of provincial services, and to provincial,

municipal, and local taxation, receipts, and expenditure. The Government of India propose to take a separate opportunity of reviewing the information which has been collected upon these important subjects.

40. It has for a second time occurred that no legislative measure will be introduced in connection with the budget, and, as explained last year, it would, therefore, be in contravention of the Indian Councils Act, 1861, that a financial statement should be made in the Council of the Governor-General for the purpose of making laws and regulations.

ORDERED, that this Resolution, together with the statement and the budget estimates for the year 1874-75, be published in the *Gazette of India* for general information, and that the separate orders passed by the Government of India upon the estimates of the several local Governments and heads of departments be communicated to them.

By order of His Excellency the Viceroy and Governor-General in Council.

R. B. CHAPMAN,
Secretary to the Government of India.

STATEMENT IN EXPLANATION OF THE ACCOUNTS OF THE YEAR 1872-73, THE REGULAR ESTIMATES OF THE YEAR 1873-74, AND THE BUDGET ESTIMATES OF THE YEAR 1874-75.

MODIFICATIONS IN THE FORMS OF THE ACCOUNTS.

Preliminary.

Subject to the approval of the Secretary of State, a new major head of account has been opened on the receipt side, "No. XVII, Gain by exchange," for the separate record of the gain on transactions with London, to correspond with the head "25, Loss by exchange," introduced last year.

GAIN BY EXCHANGE.

The traffic earnings and working expenses of the state railways, which are fast becoming financially important, are, for the first time, shown separately on both sides of the account, the cost of land and supervision provided at the expense of the State for the guaranteed railways being entered independently.

SEPARATE ACCOUNT OF STATE RAILWAYS.

When the statement of the 27th March 1873 was published, it was intended to transfer the medical services which were still imperial, to the provincial estimates, with a suitable addition to the provincial allotments. This has been found as yet impracticable, and the public expenditure on medical services in the civil department still appears partly in the imperial and partly in the provincial accounts.

MEDICAL SERVICES.

Under the orders of the Secretary of State, an account of "Famine relief" has been temporarily opened in which will be recorded the net direct expenditure of the State for the relief of the distress arising from the famine in Behar and parts of Bengal.

FAMINE RELIEF.

The form of the accounts and estimates of receipts and disbursements (cash accounts) is assimilated to that in use for the accounts and estimates of revenue and expenditure, and more details are given than have been given heretofore.

CASH ACCOUNTS.

Returns (A) of special loans to native states, corporations, and individuals, and (B) of the sinking funds for the redemption of some of these loans, have been published with the last three financial statements. Return A is now appended (No. 65) to the parliamentary accounts which are annually published, and return B will henceforward be appended to the same accounts. It is therefore unnecessary to publish these returns with the financial statement, and they are accordingly omitted. The gross amounts advanced on loan to native states, corporations, and individuals, and repaid by them during the year will be found separately stated in the cash accounts.

LOANS TO MUNICIPALITIES.

Much time and labour have been expended during the past two years upon the forms of the finance and revenue accounts presented to parliament, which were carefully elaborated by the Comptroller General, Mr. E. F. Harrison, during his absence in England. The general account of the revenue and expenditure and receipts and disbursements of the Government of India is now supported and elucidated by sixty-six subsidiary accounts and statements which are compiled, in the first instance, by the Comptroller General in India. It is believed that these accounts show the financial results of each year with fair completeness. They may be still improved from time to time, and the best form for some important statistics has yet to be settled; but the efforts already made for the improvement of the parliamentary accounts should not pass unnoticed.

PARLIAMENTARY ACCOUNTS.

ACCOUNTS OF 1872-73.

Accounts of 1872-73.

The accounts of the year 1872-73 were transmitted to the Secretary of State in Council on the 5th December 1873. According to the statement presented to the Legislative Council by the Hon'ble Sir Richard Temple on the 6th April 1872, it was estimated that the revenue of the year 1872-73 would be £48,771,000; that the ordinary expenditure would be £48,534,000;

Accounts of 1872-73.

that the extraordinary expenditure would be £2,615,000; that the total expenditure, ordinary and extraordinary, would be £51,149,000; that, excluding the extraordinary expenditure, there would be a surplus of £237,000, and that, including the extraordinary expenditure, there would be a deficit of £2,378,000.

On the 27th March 1873, the regular estimates were published, according to which it was expected that the revenue would be £49,905,000

the ordinary expenditure	... „ 48,551,000
the extraordinary expenditure	... „ 2,307,000
the total expenditure	... „ 50,858,000
the ordinary surplus	... „ 1,354,000
and the deficit on the whole account ...	... „ 953,000

The actual accounts, of which an abstract is appended to this statement, show that the revenue was £50,220,360, being more than the budget estimate by £1,449,360 and than the regular estimate by £315,360; that the ordinary expenditure was £48,456,482, being less than the budget estimate by £77,518 and than the regular estimate by £94,518; that the extraordinary expenditure was £2,184,570, being less than the budget estimate by £430,430, and than the regular estimate by £122,430; that the total expenditure was £50,641,052, being less than the budget estimate by £507,948 and than the regular estimate by £216,948; that the surplus upon the ordinary account was £1,763,878, being more than the budget estimate by £1,526,878 and than the regular estimate by £409,878; and that the deficit upon the whole account was £420,692, being less than the budget estimate by £1,957,308 and than the regular estimate by £532,308.

The greater part of this very satisfactory improvement was foretold and explained in the statement dated the 27th March 1873. It is enough here to say that the net opium revenue exceeded the budget estimate by 1½ millions sterling (£1,493,423), which alone accounts for almost the whole improvement upon the ordinary account.

Differences between the regular estimates and the accounts, 1872-73.

It appears now that even the regular estimates were not sufficiently favorable. The revenue under every head, except one (irrigation), is somewhat more than the regular estimate, and though the results on the expenditure side are not so uniformly favorable, there is a net improvement in the ordinary expenditure also of £94,518. The differences are, with the following exceptions, not important enough to need further detailed explanation.

The land revenue was larger than was to the last expected by £119,669. The improvement occurred in the Madras Presidency, which yielded the unprecedentedly large revenue of £4,693,469.

The assignments paid from the land revenue in Bombay exceeded the regular estimate by £35,000.

There was a saving of £37,300 in interest, owing to delay in administering to the estates of some wealthy fund-holders.

There was a saving also in the army expenditure on commissariat and ordnance, and an accidental over-estimate of the army expenditure from the home treasury of £80,000.

Estimates, 1873-74 and 1874-75.

Passing now to the estimates of 1873-74 and 1874-75, it will be convenient in the first place to review the financial position and prospects of both years, as they would have been but for the extraordinary expenditure entailed upon the Government by the drought of 1873 in Bengal.

This expenditure will then be separately described and its financial consequences explained.

It should be understood, then, that, for the present, the facts and figures now to be given will include only the indirect effects of the drought upon the revenue and expenditure which cannot conveniently be eliminated.

Regular Estimates, 1873-74.

Regular Estimates, 1873-74.

Summary.

It was estimated in March last that the revenue of 1873-74 would be £48,286,000; that the ordinary expenditure would be £48,066,000; that the extraordinary expenditure would be £3,878,000; that the total ex-

Regular Estimates, 1873-74.

penditure would be £51,944,000; that the surplus on the ordinary account would be £220,000; and that the deficit upon the whole account would be £3,658,000. It is now estimated that the revenue has been £49,476,000, or more than the budget estimate by £1,190,000; that the ordinary expenditure has been £47,657,300, or less than the budget estimate by £408,700; that the extraordinary expenditure has been £3,541,000, or less than the budget estimate by £337,000; that the total expenditure, including extraordinary, has been £51,198,300, or less than the budget estimate by £745,700; that the surplus on the ordinary account has been £1,818,700, or more than the budget estimate by £1,598,700; and that the deficit upon the whole account has been £1,722,300, or less than the budget estimate by £1,935,700.

Opium.

The chief improvement is once more in opium, which is now estimated to have yielded £941,000 more than was originally estimated, the revenue being £822,000 more and the expenditure £119,000 less than estimate. Of the improvement in the revenue, £303,300 is in Bengal opium, the average price obtained for the 42,750 chests sold having been Rs. 1,266, instead of Rs. 1,200, as estimated, and £518,700 is in the pass duty from Malwa opium, which has yielded the largest revenue yet obtained from this source in any year excepting 1862-63. The net opium revenue for 1873-74 was estimated at £5,385,000. The actual net revenue was £6,326,000, being considerably less than the net revenue of 1871-72 (£7,657,213), or 1872-73 (£6,870,423), or than the average of the past six years (£6,625,146).

Army.

The army is estimated to cost only £14,306,000 (being the smallest amount in any year since 1863-64) instead of £14,654,000 as originally expected. There is thus an improvement under this head of £348,000, which will be further explained hereafter.

Guaranteed Railways.

The only other important improvement is in the guaranteed railway interest, the net State expenditure for which is now expected to be £224,000 less than was first estimated.

The gross earnings of the guaranteed companies were estimated to be £7,161,800; they are now expected to be £7,290,000. The working expenses were estimated to be £4,261,800; they are now expected to be £4,190,000. The net traffic receipts to be appropriated towards paying the guaranteed interest were estimated to be £2,900,000; they are now expected to be £3,100,000. The guaranteed interest was estimated at £4,690,000; it is now expected to be £4,666,000. The net deficit chargeable to the Indian revenues was estimated to be £1,790,000; it is now expected to be £1,566,000.

The improvement is confined to the East Indian Railway (main line and Jubbulpore branch), and the Sindh Punjab and Delhi line. The other guaranteed railways have yielded, on the whole, rather less net revenue than was estimated.

Retrospect. Guaranteed Railways.

The system of guaranteed lines is now nearly complete. Of 6,201 miles sanctioned, 5,490 miles were, on the 31st December 1873, open for public traffic; 56 miles have since been opened for traffic; 12 miles are closed; 392 miles are under construction; 133 miles are under survey; and 118 miles (on the Oudh and Rohilkhund Railway Company's system, between Buxar and Akbarpur), are in abeyance. There is also a survey in hand for a line to unite the Oudh and Rohilkhund Company's system with that of the Sindh Punjab and Delhi Company, at or about Saharanpur; but the question of extending the guarantee to this line is undecided, and it is not yet settled that the line is to be constructed at all.

The Oudh and Rohilkhund Railway is expected to be open throughout, by the middle of 1874, excepting three large bridges, which, it is hoped, will be completed by the middle of 1875. Meanwhile, the traffic will be worked over temporary bridges at Rajghat on the Ganges, and at Bareilly on the Ramganga, during the dry season.

In a few months, construction operations on the guaranteed railways will be confined almost exclusively to the Madras Presidency, where a connected system of nearly 600 miles on the metre (3 feet 3⅜-inches) gauge is in progress.

Excluding the section in abeyance, the ultimate total outlay on the guaranteed railways is estimated at 96 millions sterling, of which sum, 92

Regular Estimates, 1873-74. *Revenue*

millions have been spent, leaving 4 millions to be spent by the end of 1877. The cost per mile will thus be £15,780, including a double track for about one-eighth of the whole distance.

The net charge to the State to the end of 1873 on account of land and supervision for these guaranteed lines, (omitting loss by exchange which is largely nominal), has been nearly 4½ millions sterling. If this 4½ millions be added to the capital provided by the companies, the total estimated cost of the railways is raised to 100½ millions sterling, or £16,520 per mile. Thus, the direct contributions of the State towards the cost of the guaranteed lines are estimated at about £700 per mile, besides interest on the capital during construction.

STATISTICS 1873 GUARANTEED RAILWAYS

The mean mileage open during the year 1873 was 5,409 miles, compared with 5,140 miles in 1872, and the train mileage run for traffic purposes was 14,727,933 miles in 1873 against 14,189,657 miles in 1872.

The number of passengers increased from 19,829,000 to 21,817,000, (10 per cent.) and the receipts from passengers from £2,258,200 to £2,374,700, (5 per cent.). The increase in the passenger traffic occurred chiefly on the East Indian, Eastern Bengal, Oudh and Rohilkhund, Madras, Great Southern of India, and Bombay Baroda and Central India Railways. On the Great Southern of India Railway there was an exceptional festival traffic of about 300,000 passengers. The increase in the number of passengers on the Oudh and Rohilkhund Railway (650,000) was due to increased open mileage. On the Bombay Baroda and Central India Railway the increase (250,000 passengers), was also chiefly due to additional mileage.

The goods traffic increased from 3,400,000 tons to 4,000,000 tons, (17·65 per cent.), and the receipts from £4,250,000 to £4,640,000 (9·22 per cent.). This increase occurred chiefly on the East Indian, Eastern Bengal, and Sindh Punjab and Delhi Railways. The falling off was largest on the Bombay Baroda and Central India Railway, where the tonnage booked was 87,000 tons lessthan in the preceding year owing to a decline in the cotton and sugar traffic. The decline in cotton was in some measure due to active sea competition. On the Great Indian Peninsula Railway, notwithstanding a decrease in quantity carried of 56,000 tons, the receipts increased by £27,800, from an improvement in cotton and linseed. The season is said to have been considered unpropitious for Hindoo marriages, and this is supposed to have affected the traffic in sugar on both lines.

The minor differences between the original and present estimates will now be noticed in order, beginning with the revenues.

LAND REVENUE

Land revenue shows a decrease of £140,500. Of this, £102,000 is to be attributed to the failure of the rains in Upper India, which has caused the postponement of £72,000 of revenue in Bengal, and £30,000 in the North-Western Provinces, the eastern districts of which have suffered. There is a falling off of £26,000 in the Punjab where an expected increase of revenue has been deferred and of £89,300 in Oudh, in some districts of which province it has been found necessary to reduce the assessment temporarily. In Madras also there is a decrease of £43,300; the land revenue of Madras, being larger than that of any other province, is sensitive to any calamity of season, and the partial drought in the southern districts has caused this decrease. On the other hand, the Bombay land revenue shows an improvement of £50,500 and the Central Provinces yield an increase of £12,500. The Burmah land revenue also shows the large increase of £55,300.

This great branch of the revenue, though just now somewhat depressed, is yet considered to be in a healthy condition; much of the revenue which has not been realised in 1873-74 will be paid when prosperity returns, and is included in the estimates for 1874-75.

TRIBUTES

The increase of £46,300 under tributes is due to arrears having been paid up.

FORESTS

There is a net improvement of £45,400 in the revenue from forests, which is satisfactory.

EXCISE

Notwithstanding the scarcity, the net excise revenue shows an improvement of £65,000. There are increases of £11,900 in the Central Provinces, £22,800 in Burmah, £15,200 in Bengal, and £37,800 in Madras, and decreases of £4,700 in Oudh and £19,000 in the North-Western Provinces, where there is

a debit of £10,000 for opium, belonging to an earlier year. It is remarkable that, notwithstanding the scarcity, Bengal should show no decrease, but even some increase under this head.

Regular Estimates, 1873-74.

Revenue.

ASSESSED TAXES.

The net revenue remaining to be collected under assessed taxes proved to be £8,500 more than was expected.

CUSTOMS.

In the customs' revenue there is a net decrease of £23,700. The large shipments of rice from Burmah to Bengal alone have involved the sacrifice of about £140,000 of export duty: but the crop has been so abundant that a decrease of only £43,800 of the Burmah customs' duty is expected in 1873-74, which will be nearly made up in the following year. In Bengal there has been a decrease of £93,400,—an indirect result, no doubt, of the scarcity. The Madras customs show an improvement of £40,900; and in Bombay the estimate has been exceeded by no less than £65,200. The customs' revenues do not, therefore, as a whole, show as much loss from the scarcity as might have been feared.

FOREIGN TRADE, 1872-73.

The aggregate value of the foreign trade of 1872-73 in merchandise and treasure together (excluding Government stores and treasure) was £91,531,103, *viz.*, imports £35,029,654 and exports £56,501,449. This is a considerable decrease as compared with 1871-72, when the trade was valued at £106,991,608, *viz.*, imports £42,384,588 and exports £64,607,020. Nevertheless, the trade of 1872-73 in merchandise, excluding treasure, was of fair average value.

The falling-off in imports was chiefly in treasure, the net decrease in which, as compared with 1871-72, amounted to £7,164,447. This diminution occurred chiefly in the imports from the United Kingdom and from China. Cotton piece-goods, which constitute the principal import, decreased in value by about ½ a million sterling, while cotton twist and yarn increased by nearly ¼th of a million. So that, on the whole, the decrease in the value of this important trade was but slight.

For a few years past, the import of metals, especially of copper, has been in a depressed condition. This is believed to be due to the high prices which have prevailed in England. It may be hoped that, with reduced prices in England, the Indian metal trade will revive.

The chief decreases in the value of exports in 1872-73 below 1871-72 were cotton raw (£7,250,322), opium (£1,938,948), and seeds (£1,219,886). The diminished exportation of raw cotton was, doubtless, due to the competition of American cotton: that of opium was the result of a deficient poppy crop in Bengal. The decrease in seeds was also due to diminished production, the rape crop of 1872 having almost totally failed. Of raw cotton, only 494,214,447 lbs., valued at £14,022,108, were exported in 1872-73, as contrasted with 809,246,087 lbs. valued at £21,272,430 in 1871-72. Of opium, 82,908 chests, valued at £11,426,280, were exported in 1872-73, as compared with 93,364 chests valued at £13,365,228 in the preceding year. The value of seeds exported in 1872-73 was £1,508,241, as compared with £2,728,127 in 1871-72. Of coffee, 41,462,705 lbs., valued at £1,128,549, were exported in 1872-73, as compared with 56,363,838 lbs. valued at £1,368,949 in 1871-72; but the export of coffee in 1872-73 exceeded the average of the five preceding years. On the other hand, the export of several important staples, namely, rice, raw jute and tea, largely increased. Of rice, 22,973,797 cwts., valued at £5,701,439, were exported in 1872-73, as compared with 16,990,890 cwts. valued at £4,446,588 in 1871-72. Of raw jute, 7,080,912 cwts., valued at £4,142,548, were exported in 1872-73, against 6,133,813 cwts. valued at £4,117,308 in 1871-72. Of tea, 17,789,911 lbs., valued at £1,577,691, were exported in 1872-73, against 17,187,328 lbs. valued at £1,454,985 in 1871-72. The exports in 1872-73 of the three last-named products were the highest on record. The export of indigo in 1872-73 (115,312 cwts.) was nearly the same in quantity as that of the preceding year (115,414 cwts.), but the declared value was lower. The exports of saltpetre were higher last year than they had been for several preceding years, and considerably exceed those of 1871-72, the figures being 518,982 cwts. in 1872-73, against 432,210 cwts. in 1871-72. The teak timber trade also exhibited considerable improvement in 1872-73.

Regular Estimates, 1873-74. *Revenue.*

FOREIGN TRADE, 1873-74.

TEN MONTHS' STATISTICS.

From the returns of the first ten months of 1873-74, it may be anticipated that the total value of the trade of 1873-74 will be nearly the same as that of 1872-73. The total value of imports during the ten months is about the same as that of the corresponding period of 1872-73; for while the value of cotton goods shows an improvement of more than £780,000, treasure has decreased by a million sterling. Metals also show decrease. The total value of merchandise exported shows diminution, but this is fully accounted for by the large falling-off in the exports of rice. The export of rice to foreign countries during the ten months from April to January 1873-74 was less in quantity by 182,000 tons, and in value by nearly half a million sterling, than that of the corresponding period of 1872-73.

The export of seeds has largely recovered from the depression of 1872-73, the value for the ten months being more by £400,000, or 26 per cent., than that of the whole of 1872-73.

Tea has increased from 15,709,557 lbs. valued at £1,403,286 to 16,800,046 lbs. valued at £1,520,233. Coffee shows increase in quantity and in value; the figures are 26,112,009 lbs. valued at £857,738 in 1873-74, compared with 25,290,477 lbs. valued at £647,207 in 1872-73.

Jute raw shows decrease both in quantity and in value, the export being 5,222,423 cwts. valued at £2,879,512 in 1873-74, compared with 5,882,985 cwts. valued at £3,469,261 in 1872-73. As already stated, the export of jute raw in 1872-73 was the largest on record.

Raw cotton shows improvement in quantity, but a slight decrease in value, the export being 385,395,682 lbs. valued at £10,181,374 in 1873-74, against 359,698,873 lbs. valued at £10,334,493 in 1872-73.

The export duty on wheat was abolished on the 4th January 1873. The remission would appear to have given a remarkable stimulus to the trade. The export of wheat during the ten months from April 1873 to January of 1874 was 1,337,672 cwts., contrasted with 320,042 cwts. for the same period in 1872-73.

SALT.

The salt revenue shows a gross improvement of £13,300. Till recently there was every probability of a much more substantial improvement; but the shortness of stocks in Calcutta and the diversion of capital and carriage in North-Western India from the salt trade to the grain trade has disappointed these expectations. As it is, the Bengal salt revenue shows a decrease of £29,000 and the inland salt revenue a net decrease of £29,700. Bombay, however, yields an improvement of £44,300 and Madras of £30,000.

STAMPS AND LAW AND JUSTICE.

The stamp revenue and the receipts under law and justice must be considered together, these heads being still somewhat connected. There is an increase of £101,600 in the net revenue from stamps, and a decrease of £22,500 under law and justice, leaving a net improvement of £79,100. Of this £39,200 is in Bengal, and the rest is generally distributed.

INTEREST RECEIPTS.

Interest shows a decrease of £11,500. There was an improvement of £52,000 in England, where £67,000 was obtained for the use of the balances in the hands of the Secretary of State, instead of £15,000 as estimated, the balances having been full and money dear: the Bank of England rate of discount was at one time (8th to 19th November) 9 per cent. In India there is a decrease of £63,500, chiefly owing to the operation of the new port trust Act in Bombay, under which the payment of interest on the capital debt of the trust is postponed till the 1st April. Consequently only £18,300 was received from the trust in 1873-74, instead of £69,600 as estimated.

PENSION RECEIPTS.

The increase in the receipts in aid of superannuation, retired and compassionate allowances (£23,400) is owing to larger sums than were estimated having been brought to credit from the military and medical funds.

GAIN BY EXCHANGE.

Of the improvement in gain by exchange (£69,900), £30,500 is owing to the improved railway receipts; the rest is from the adjustment of certain credits belonging to former years.

MISCELLANEOUS RECEIPTS.

The excess miscellaneous receipts (£59,100) occur partly (£17,000) at the home treasury and partly from sundry adjustments in India.

ARMY.

The army receipts are larger by £90,000 than was expected. Of this improvement £14,000 is at the home treasury, the rest is chiefly due to some arrear credit adjustments in the Madras Presidency.

Regular Estimates, 1873-74 *Revenue*

STATE RAILWAYS.

During the year 1873-74, the first sections of the new state railways were completed. At the beginning of the year, with the exception of the Calcutta and South-Eastern, and Nalhati lines, only two short branches in Berar were open, although for the convenience of traders, salt was allowed to be carried over the railway from Delhi to Rewari while it was still incomplete and not formally opened for traffic. By degrees, however, the different sections of the railways that are nearest to the ports where English materials were landed were opened one after another in order to give to the country the benefit of railway communication as soon as possible. In all 168 miles were opened for traffic during the year.

The Government of India has fixed the yearly expenditure on the construction of state railways for the present at £3,000,000; in order to spend this amount economically, there ought to be about 1,500 miles of railway at all times in progress, of which 375 miles will be finished in each year. There are now 234½ miles of state railway open, 1,329 miles actually in progress and 281 miles under survey, or in a preliminary stage. Of the mileage in progress, some is in an advanced state, and more than the due 375 miles will, it is expected, be opened during 1874-75.

Of the traffic it is as yet too early to speak with confidence. In the year 1873, 119,733 train miles were run, carrying 123,386 tons of goods and 641,558 passengers; Rs. 1,56,944 was received for freight of goods, and Rs. 1,62,623 for carriage of passengers. These figures are satisfactory, but the extent of the traffic can only be proved by time.

Including the purchase of the Calcutta and South-Eastern line, the total estimated capital expenditure on state railways to the end of 1873-74 is £5,672,211, and to the end of 1874-75 £8,790,261.

On the railway from Delhi to Rewari a lower scale of passenger fares has been introduced than has ever before been tried in India, or perhaps in any part of the world: from any station on the line to the next station, a passenger is carried for one anna, an average rate of about 1¼ pie per mile, or between 6 and 7 miles for a penny. That this rate will attract large numbers of travellers is already proved, and it will thus be of great service to the country; but whether it will cover the cost of carriage and yield a sufficient margin of profit, yet remains to be proved.

Besides the state railways which have been undertaken to extend at the charge of the imperial revenues, the systems constructed by companies working under a state guarantee, a small experimental line has been surveyed and begun under different auspices.

The wealthy trading town of Hatras lies six miles from the East Indian Railway; and, beyond it, at a distance of 23 miles, is Muttra, on the bank of the Jumna. To construct a very light single railway along these 29 miles will cost some 15 lakhs of rupees, and there seems to be no doubt that this outlay will be remunerative. The Government of the North-Western Provinces has accordingly set aside 10 lakhs from provincial revenues for the construction of this line, and the local public have been invited to subscribe 5 lakhs, on which 4 per cent. interest will be paid from provincial revenues with a share of any surplus profits. The railway is to be managed by a board composed of Government and native directors. If this interesting experiment succeeds, the system may be tried in other parts of India.

TOTAL REVENUE

The revenue of 1873-74 is now expected to exceed the original estimate by £1,190,000. Of the twenty-two heads into which the revenues are divided in the accounts, there is improvement in seventeen and falling-off in only five. It may safely be said that, but for the calamitous season in Bengal, at least two of these five also would have shown improvement. In short, the revenues are in a satisfactory condition.

Expenditure

The expenditure now expected in 1873-74 upon the various accounts will now be reviewed—

INTEREST ON DEBT

The increase as compared with the budget estimate, of £16,900 in the charge for interest on the public debt is owing to the re-issue of certain securities

Regular Estimates, 1873-74. *Expenditure.*

held as a temporary investment since the beginning of 1872, to which further reference will be hereafter made. The difference between the price paid for these securities and the price at which they were resold, has been written off under interest partly in 1872-73 and partly in 1873-74.

REFUNDS

The decrease of £24,600 under refunds is accidental, the charge now expected under this head being the smallest known for many years.

LAND REVENUE.

The increase of £24,200 under land revenue is generally distributed: the grants were apparently not quite enough for the service of the state in this important department: settlements are progressing in many provinces.

STAMPS.

The saving in stamps (£32,800) is chiefly owing to less having been spent in England for stores.

MINTS

The mints are expected to show a deficit of only £9,000 instead of £23,000 as estimated. This improvement (£14,000) is due to the importation of silver bullion, which began in December and is still continuing. Till the end of November, the mints were either standing idle or coining bullion received last year; from the 1st April to the 30th November bullion worth only £280,137 was received, and silver coin worth only £961,315 manufactured. But the mints have since been busily employed, and the close of the year found them in full activity. The whole amount of silver bullion received at the mints during 1873-74 was £2,705,147, of which £1,699,307 was received at Bombay and £1,005,840 in Calcutta. The value of the silver coinage executed was £2,370,007, of which £1,579,097 was coined at Bombay and £790,910 at Calcutta. It seems probable that, in future, more bullion will be brought to the Bombay mint than to Calcutta.

TELEGRAPHS.

The telegraphs show an increase (£19,000) of revenue, and a decrease (£30,800) of expenditure. Of the improvement in revenue £15,900 is from the Indo-European telegraph, and £3,100 from the Indian telegraphs. Of the decrease of charge £11,500 occurs in the Indian telegraphs, materials paid for in previous years having been used in 1873-74, and £19,300 in the Indo-European telegraph. The financial prospects of the Indian lines are not altogether encouraging. The excess charge on the Indian lines in 1873-74, including capital outlay on new works, is £144,780; and on the Indo-European line £12,400. Comparing the working expenses with the receipts, there is a deficit of £84,030 on the Indian lines and of £8,860 on the Indo-European. The remaining excess of expenditure over receipts (£18,000) is for the interest guaranteed on the capital of the Red Sea and Indian telegraph which must, under Act 24 Vic. Cap. 4, continue till A. D. 1908.

The total outlay of State capital on telegraphs to the end of 1873-74 is estimated to be on the Indian telegraph lines £2,730,500, and on the Indo-European line £1,156,378.

ADMINISTRATION

The decrease under administration (£25,900) is owing to the purchase of some stationery in England having been postponed till 1874-75.

POST OFFICE

The net cost of the post office to the imperial revenue is now estimated at £88,000, instead of the budget estimate of £101,000. Besides £88,000 from the imperial revenues, £25,178 is estimated to be spent upon postal services from provincial, and £49,495 from local revenues, making the total net expenditure £162,673.

MINOR DEPARTMENTS

The excess expenditure under minor departments, £9,200, is due to activity in the topographical survey department, especially on the eastern frontier, and to the cost of representing India in the Vienna Exhibition. A small sum of £4,300 has also been spent in beginning a system of immigration from Bengal into British Burmah. A maximum sum of £50,000, to be spent as it is required, has been granted for this scheme.

LAW AND JUSTICE

The saving of £47,400 in the department of law and justice is partly nominal, certain services having been transferred to the provincial revenues with a corresponding increase of allotments.

MARINE.

The marine department shows a gross improvement of £139,800, of which £49,000 is nominal, the pensions to the retired officers of the Indian Navy in England having been transferred to the head of superannuation allowances. Of the real improvement (£90,800) £27,400 (net) is in receipts at the Bombay dockyard for work done for the Royal Navy, £10,200 is from the sale of part of

the Punjab flotilla, and the rest is in the expenditure from the home treasury for stores.

Regular Estimates, 1873-74. *Expenditure.*

The ecclesiastical expenditure is expected to be £159,600 in the civil department and £23,200 in the military department, total £182,800, which is £4,200 more than was granted.

ECCLESIASTICAL.

The medical services are now set down at £186,900 from imperial funds in the civil department; the expenditure in the military department on medical services, including stores, but not including the pay of regimental medical officers, is estimated at £474,850; and that from provincial revenues at £391,159, making a total expenditure on medical services of £1,052,909, besides an expenditure of £110,073 from local revenues, and besides the pay of regimental medical officers.

MEDICAL.

There is always some uncertainty about the estimates for political agencies and allowances and assignments: taken together they show a decrease as compared with the budget estimates of £18,400.

POLITICAL AGENCIES AND ALLOWANCES AND ASSIGNMENTS.

The increase of £115,000 for civil furlough allowances is nominal. Hitherto, the furlough allowances of military officers in civil employ have been charged under the army. They are henceforth to be charged to this head.

CIVIL FURLOUGH ALLOWANCES.

Notwithstanding the transfer of £49,000 from marine, the net charge for pensions is now expected to be only £10,300 more than was estimated. The saving is in the donation to the Bengal civil service annuity fund, which was largely over-estimated.

SUPERANNUATION ALLOWANCES.

Loss by exchange is entered at £135,700 more than was estimated. It was expected that bills drawn by the Secretary of State for Rs. 14,35,00,000 would be paid during 1873-74, the sum of £13,500,000 being thereby raised for the supply of the home treasury: the estimated rate of exchange was 1*s.* 10·58*d.*, and the sum of Rs. 85,00,000 was accordingly provided for the necessary adjustment under loss by exchange. It is now estimated that bills for Rs. 14,26,64,000 were paid in 1873-74, yielding £13,280,700 in England. The adjusting entry must thus be £985,700; the actual rate of exchange being 1*s.* 10·34*d.*

LOSS BY EXCHANGE.

The lowest rate obtained for the Secretary of State's bills during the year was 1*s.* 9⅝*d.* (on the 3rd December), and at one time it appeared likely that there would be a still further fall; but the subsequent demand for silver caused a reaction, and the rate has since been higher. The highest rate obtained was 1*s.* 11¼*d.* (on the 21st January).

COURSE OF THE EXCHANGES.

The exchanges between India and Europe have been much disturbed during the year by the measures in progress for the demonetisation of silver coin in Germany, valued at from £40,000,000 to £50,000,000. The general tendency in Europe and America is to prefer gold to silver as the standard of value: there seems therefore but little prospect of much of this silver being absorbed in Europe: indeed, the probability rather seems to be that Europe will, by the substitution of gold for silver, throw still more silver out of circulation. France and her monetary allies (Italy, Belgium and Switzerland) are set upon limiting their silver coinage, and have actually limited it to 5½ millions sterling in all in 1874. The East alone appears likely to continue for the present to absorb silver. The lowest quoted price of silver in London this year was 57⅞*d.* an ounce (on the 24th November): the demand for India has since caused some recovery, and the present price is nominally 59¼*d.*

The increase under provincial allotments (£102,500) is partly for certain special grants-in-aid made to the Provincial Governments, partly on account of additions to the assignments for charges not fully provided for, and partly for services newly transferred.

PROVINCIAL ALLOTMENTS.

For the expenditure of £3,920,000 shown under famine relief, no provision was made in the estimates. Remarks upon this expenditure will be found further on.

FAMINE RELIEF.

Apart from the expenditure for famine relief, the total estimated civil expenditure, which now appears to be £44,300 more than the original estimate, would, but for the transfer of the charge for absentee allowances from the army to the civil department, have shown a small saving of £70,700.

TOTAL CIVIL EXPENDITURE.

The army shows a decrease of £258,000, of which £160,000 is nominal, being due to the transfer from this account of the charge for furlough allowances

ARMY.

Regular Estimates, 1873-74.

Expenditure.

PUBLIC WORKS ORDINARY.

to military officers employed in the civil departments and in the public works department. The rest is chiefly owing to the postponement to 1874-75 of the purchase of stores at home.

The sum of £2,382,000 has been spent upon public works from the ordinary imperial revenues, being in excess of the grant by £28,000. That there is any excess on this account is due to the transfer from the army of £47,000 for furlough allowances to military officers in the employ of the public works department. The expenditure is thus divided: military works £1,146,700; other services, including civil buildings and miscellaneous works, £300,000; agricultural works, including embankments and irrigation works, £826,000; the Warora colliery £22,300; Cooper's Hill college £40,000; furlough allowances, £47,000.

Besides this sum of £2,382,000 expended directly from imperial funds, £1,870,950 has been spent upon public works from provincial revenues, making £4,252,950 in all, besides the expenditure (£2,125,956) from local revenues. Thus the grand total expenditure on public works from ordinary revenues and receipts is £6,378,906.

PUBLIC WORKS EXTRAORDINARY.

Of the extraordinary expenditure (£3,541,000), £2,380,000 was spent upon state railways and the remainder (£1,161,000) upon canals.

BUDGET ESTIMATES, 1874-75.

Budget Estimates, 1874-75.

SUMMARY

It is estimated that in 1874-75 the revenue will be £48,984,000, being less than the regular estimate, 1873-74, by £492,000; that the ordinary expenditure will be £47,792,000, being more than the regular estimate, 1873-74, by £134,700; that the extraordinary expenditure will be £4,563,000, being more than the regular estimate, 1873-74, by £1,022,000; that the total expenditure will be £52,355,000, or more than the regular estimate of 1873-74 by £1,156,700; that there will be a surplus on the ordinary account of £1,192,000, or less than in 1873-74 by £626,700; and that there will be a deficit on the whole account of £3,371,000, or more than in 1873-74 by £1,648,700.

LAND REVENUE.

The land revenue shows an improvement of £364,500, of which £81,000 is from the revision of settlements in the North-Western Provinces and the Punjab, £41,000 is owing to the same cause in Bombay, £73,300 is in Madras, where the revenue in 1873-74 was abnormally low; and the rest is on account of the suspension of revenue in 1873-74 which will be collected in 1874-75. The Oudh land revenue is estimated at £100,000 less than in the budget estimate, 1873-74: as already explained, it has been found necessary to give time in some districts of this province before the terms of the recent settlement are fully exacted.

TRIBUTES

The decrease of £42,300 under tributes is nominal, the revenue having been accidentally swollen by some arrear payments in 1873-74.

FOREST

The net revenue from forests is estimated at £163,000, being almost the same as in the budget estimate of 1873-74 (£164,000). There would have been improvement; but it is necessary to spend money on the reboisement of Ajmir, which is much needed, and upon certain reproductive operations in the Bombay Presidency, where a considerable net forest revenue (£49,600 in 1873-74) is obtained. The net revenue of 1873-74 is expected to be £209,400; but this amount is exceptional.

EXCISE

The usual increase is not estimated under excise, the circumstances of the year being too unpromising.

ASSESSED TAXES

The head of assessed taxes disappears from the estimates.

CUSTOMS

The increase of £111,700 under customs is owing to the expected recovery in Bengal and Burmah of this head of revenue from the depression of 1873-74. The purchase in Burmah of rice for Bengal has caused some postponement of the export of rice to Europe from 1873-74 to 1874-75, and much of the duty that would, under ordinary circumstances, have been realised in that province in 1873-74, may be expected to swell the revenue of 1874-75. The exportation of rice from Burmah increases continually: the crop reaped at the end of 1873 is estimated to have yielded about 800,000 tons for export.

SALT.

The estimate of salt revenue is more moderate than would at first sight appear. As already stated, the revenue of 1873-74 was, till quite lately, expected to be considerably more than is now estimated: one of the indirect conse-

Budget Estimates, 1874-75. *Revenue.*

quences of the scarcity is believed to have been a transfer to 1874-75 of some of the salt revenue which would naturally have been collected in 1873-74. In truth, an allowance of £150,000 has been made for loss of salt revenue in 1874-75 on account of the scarcity, and from the removal of the southern preventive line in the Central Provinces.

OPIUM.

Under opium a net revenue of 5½ millions sterling is estimated as follows:—

It is hoped that 45,000 chests of Bengal opium will be sold for exportation. Of this quantity there are now in store 34,514 chests—enough to supply the 3,750 chests already advertised for sale each month during the remainder of the calendar year 1874, and to leave 794 chests over for 1875. Deducting failures, an area of 456,575 acres has been actually cultivated with poppy in Bengal this year. It cannot perhaps be confidently expected that the average produce per acre will be as large as if the seasons had been normal; but, still, the prospects are decidedly favorable, and there seems no reason to fear that there will not be 45,000 chests of Bengal opium available for sale in 1875. At the same time the Government cannot, until the harvest is actually gathered and the manufacture completed, pledge itself to bring forward so much.

The Governor General in Council has, however, already announced that, however large the crop may be, *no more* than 45,000 chests (including the 794 chests of the crop of 1873 already in store) of Bengal opium will be sold in 1875. Should any excess be obtained from the harvest of 1874, it will be reserved for sale in the calendar year 1876.

The average rate obtained for a chest of opium at the first sale of 1874-75 was only Rs. 1,132. Nevertheless the rate assumed in the estimate for 1874-75 is Rs. 1,125, it being hoped that the present depression is temporary. With due addition for the cost price of the opium consumed in India, which is recovered through the excise department, the gross revenue expected from Bengal opium in 1874-75 is £5,215,000. The duty on Malwa opium is estimated to yield £2,400,000: the prospects of the crop in Western India are reported to be good, and the trade is said to be thriving. Thus the gross revenue expected from opium is £7,615,000.

The sum of £2,115,000 is provided for expenditure, as in 1873-74. The expenditure of late has been rather less than this; but then there have been successive short crops in Bengal, where almost the whole outlay is incurred.

The subjoined table shows that the estimate now made compares fairly with the estimates of recent years, and that it is for a smaller net revenue than has been recently obtained. At the same time, the figures show that this branch of the revenue is subject to very large fluctuations: the highest net revenue obtained in any of the past six years (1871-72) exceeds the lowest (1870-71) by no less than £1,626,179:—

YEARS.	Estimated gross revenue.	Actual gross revenue.	Actual better or worse (—) than estimate	Estimated charges	Actual charges	Actual better or worse (—) than estimate	Estimated net revenue	Actual net revenue.	Actual better or worse (—) than estimate.
	£	£	£	£	£	£	£	£	£
1868-69	8,385,800	8,453,365	67,565	1,907,780	1,720,111	187,669	6,478,020	6,733,254	255,234
1869-70 ...	8,286,540	7,951,557	— 334,983	1,724,330	1,820,083	— 96,253	6,562,210	6,130,874	— 431,336
1870-71 ..	6,922,281	8,045,459	1,123,178	2,013,110	2,014,425	— 1,315	4,909,171	6,031,034	1,121,863
1871-72 .	8,038,500	9,253,859	1,215,359	2,102,900	1,596,646	506,254	5,935,600	7,657,213	1,721,613
1872-73 ...	7,700,000	8,684,691	984,691	2,323,000	1,814,268	508,732	5,377,000	6,870,423	1,493,423
1873-74 ...	7,500,000	8,322,000	822,000	2,115,000	1,996,000	119,000	5,385,000	6,326,000	941,000
1874-75 ..	7,615,000			2,115,000	...		5,500,000	..	...

STAMPS.

The net stamp revenue shows a small decrease, the improvement in the gross revenue being more than balanced by an increase in the demand for stores from England. Moreover, it is expected that some commission must be allowed for the retail of court fee labels at the courts: the establishments cannot manage to perform the duty without payment, as was hoped. Again, taking the gross revenue from stamps with that from law and justice, it will be found that the apparent im-

Budget Estimates, 1874-75. *Revenue.*

provement in the stamp revenue is more than balanced by a loss of receipts under law and justice. The gross improvement in stamps is, in short, due only to a transfer from law and justice by the extended use of court fee labels. It may be mentioned here that anxiety has been expressed during the past year lest the substitution of labels for impressed paper should facilitate frauds dangerous to the revenue. Much attention has been and is being given to the subject, and it is hoped that the difficulty will be overcome without a reversion to the cumbrous and costly expedient of impressed paper.

INTEREST RECEIPTS.

There is little change under interest: the large receipts at the home treasury in 1873-74 are not indeed estimated to recur; but neither will the short payment by the Bombay port trust be repeated, though a full year's interest on the capital lent to the trust is not to be expected till 1875-76 at the earliest.

PENSION RECEIPTS.

The decrease under receipts in aid of superannuation, retired and compassionate allowances (£6,400) is mainly on account of the exhaustion of the Bengal military fund. This item is chiefly composed of subscriptions to the several military and medical funds which were taken over by the Government in 1867-68, and of transfers from the capital at credit of these funds upon the Government books. The subscriptions to the funds are estimated in 1873-74 at £302,658 and in 1874-75 at £305,808: the pensions, which are chiefly paid in England, are estimated at £662,775 in 1873-74 and £663,777 in 1874-75.

According to the arrangement made when the funds were taken over, the difference between the subscriptions received and pensions paid is transferred annually to revenue from the capital at credit of the funds upon the Government books. The amount thus credited in 1873-74 is £362,919: the equation is however prepared separately for each of the seven funds affected, and the remaining capital of one of them (the Bengal military fund) will not suffice to supply in 1874-75 the full amount of the difference between the subscriptions to this fund and the pensions payable from it: hence the amount credited in 1874-75 will be only £350,807.

The total capital surrendered to the Government in 1866-7-8 was £4,295,590, of which £1,765,256 was credited to the end of 1872-73, and £713,726 will probably be credited for the years 1873-74 and 1874-75. The balances estimated to remain at credit on the 1st April 1875 are as follow:—

	£
Bengal.	
Military fund	Exhausted.
Military orphan fund	354,076
Medical retiring fund	150,787
Madras.	
Military fund	551,311
Medical fund	363,708
Bombay.	
Military fund	314,208
Medical fund	82,518
TOTAL ...	1,816,608

GAIN BY EXCHANGE.

There is a falling-off in gain by exchange of £54,800, which is partly nominal, the receipts in 1873-74 having been swollen by an arrear adjustment, but chiefly real (£33,000), owing to the expectation that more capital will be spent on the guaranteed railways in 1874-75 than in 1873-74.

MISCELLANEOUS.

There is a decrease of £70,200 under miscellaneous, as some extraordinary receipts expected in 1873-74 will not recur.

IRRIGATION.

The gross irrigation revenue is expected to be £491,000, or £26,000 more than in 1873-74. The revenue shown under this head is almost all collected in the Punjab, the North-Western Provinces, and the Lower Provinces of Bengal, the revenue derived from irrigation elsewhere being generally incorporated in the land revenue. Provision is made for the working expenses (estimated at £293,686) of the canals from which this revenue is derived in the grant for public works ordinary.

The capital expended on irrigation works in the Bengal Presidency to the end of 1873-74 is returned in the department of public works at £8,658,000, of which £7,416,000 has been expended on canals actually open

and at work. The principal canals upon which this money has been spent are as follow:— Budget Estimates. 1874-75. *Revenue.*

	To end of 1873-74 £
Ganges	2,656,449
Bari Doab	1,370,507
Orissa Canals, Mahanadi Series	1,215,464
Midnapore, including Tidal Canal	764,578
Agra	567,250
Western Jumna	32[illegible],203
Eastern do.	206,856

The gross direct revenue from the canals upon which this capital has been spent is estimated for 1874-75 at £473,400, the working expenses at £293,686, and the net direct revenue at £179,714, being 2·42 per cent. upon the capital. If the sum of £138,437, increased land revenue attributed to these canals, be added, the net return is £318,151, or a fraction over 4·25 per cent. on the capital. The Agra Canal is, however, only just opened, and the Orissa and Midnapore Canals earn as yet very little. The most profitable canals are the Eastern and Western Jumna Canals, which are estimated to yield 22·75 and 31·3 per cent. respectively. The Ganges Canal pays 4·8 per cent.; the Bari Doab 4·3 per cent.

ARMY.

The army receipts are estimated at £890,000, being less than the receipts of 1873-74, as now estimated, by £70,000. The receipts of 1873-74 were abnormally large, owing to arrear adjustments in the Madras Presidency.

STATE RAILWAYS.

The state railways show an increase of £55,000, against which must be set an increased expenditure of £49,000. The earnings are expected nearly to equal the working expenses. Hereafter it may be hoped that the earnings will exceed the outgoings, and that by degrees the net earnings will at least cover the interest on the capital expended on the railways open for traffic.

REVENUES AND WHOLE RECEIPTS.

Thus the revenue is estimated to exceed the budget estimate of 1873-74 by £698,000, but to be less than the regular estimate, 1873-74, by £492,000, and, apart from opium, to exceed that estimate by only £215,000.

CIVIL SERVICE ANNUITY FUNDS.

Apart from the ordinary revenue of the year, it is likely that there will eventually be an extraordinary credit of £3,076,000 from the capital of the civil service annuity funds. This credit will not supply ways and means for meeting present expenditure, and has, therefore, not been shown as an estimated receipt: it will be recorded in its proper place in the accounts.

It seems necessary to say a few words in explanation of the transaction which leads to this credit. The funds from which the annuities of the members of the covenanted civil service have hitherto been paid have been provided by the deduction of four per cent. from the allowances of each officer. The Government allowed upon the accumulations thus formed a highly privileged rate of interest, which was charged as interest on service funds, and moreover supplemented the funds by donations, which varied in amount according to the requirements of the funds: these donations were charged under superannuation and other allowances. It was arranged two years ago that this somewhat complex arrangement should cease, the State henceforth undertaking to discharge the annuities of all the members of the covenanted service, and paying their salaries net after deduction of the four per cent. which is estimated to produce in 1874-75 £58,000. A bill has now been introduced into parliament to legalise this measure, which has received the cordial assent of all but a very small minority of the officers of the covenanted civil service. This measure will not in any way affect the capital or constitution of the several civil funds for securing pensions to the widows and orphans of members of the covenanted civil service, which funds are quite distinct from the annuity funds.

EXPENDITURE

Now as to the grants made for expenditure in 1874-75:—

INTEREST ON FUNDED AND UNFUNDED DEBT

For interest on funded and unfunded debt, £123,900 less is provided than the present estimate for 1873-74.

Budget Estimates, 1874-75. *Service Grants*

The capital debt of India is now £116,143,224, bearing interest amounting to £5,223,999, as follows:—

Rate of Interest per cent.	Capital. In Rupees.	Capital. In Sterling.	Total	Interest.
	£	£	£	£
5½* (capital stock, E. I. Company.)		12,000,000*	12,000,000	630,000
5½	10,199,770		10,199,770	560,987
5	1,095,900	17,200,000	18,295,900	914,795
4½	15,777,480		15,777,480	709,987
4	37,843,554	21,791,700	59,635,254	2,385,410
3½	65,200	..	65,200	22,820
Nil	169,620		169,620	Nil.
Total	65,151,524	50,991,700	116,143,224	5,223,999

By Act 3 and 4 William IV, cap. 85, sec. 12, provision was made for the redemption on the 30th April 1874 of the capital stock of the East India Company by the payment of £200 for each £100* of the stock, and under sec. 14 of the same statute £2,000,000 (being a portion of the value of the commercial assets) was paid in 1834 by the East India Company to the commissioners for the reduction of the national debt to form a sinking fund, which it was calculated would amount to the required sum of £12,000,000 on the 30th April 1874. The calculation was, however, erroneous: on the 30th March 1873 the sinking fund amounted to only £7,876,439, 3 per cent. stock, and by the 30th April the market value of the sinking fund can hardly exceed 7½ millions sterling, so that 4½ millions sterling must be borrowed to complete the 12 millions.

On the 3rd January 1874, the Secretary of State in Council gave due notice of the redemption of the stock and offered certain terms to the proprietors. The ultimate effect of the measure will be the reduction of the capital of the debt of India by about 7½ millions sterling and of the interest upon it by £450,000. The whole saving will not, however, accrue in 1874-75; for dividends amounting to £198,484 must be paid in that year to the proprietors of the East India stock as heretofore for 3 months and 25 days. With the addition of £90,000 for half a year's interest on 4½ millions sterling at 4 per cent., the whole sum payable in respect to the stock in 1874-75 will be £288,484, being a saving of £341,516: a further saving of £108,484 will accrue in 1875-76. That the whole of the saving in 1874-75 does not appear upon the estimates, is due to the contemplated loan operations of the year which will cause an increase of more than £200,000 under this head.

Interest on service funds, &c

The decrease of £178,100 under interest on service funds and other accounts is owing to the surrender of the civil service annuity funds to the Government, the effect and object of which has been already explained.

Refunds

Refunds show a decrease of £14,400: it will be very satisfactory if this grant should suffice; its moderate amount is justified by the local estimates and by the tendency of this charge to decrease of late years.

Land revenue.

Under land revenue £36,000 is granted more than in 1873-74, and £11,800 more than is now expected to be spent in 1873-74. This excess is provided for some important settlements in Bengal and for an increase to the staff in British Burmah which the growth of the province demands. There is moreover a saving of £17,000 under this head on account of the deduction of four per cent. from the allowances of the covenanted civil service which has hitherto been credited to the annuity funds: so that the real increase compared with the grant for 1873-74 is £53,000, and compared with the regular estimate 1873-74, £28,800.

Excise.

The decrease of £6,100 under excise is apparent only, an arrear charge of £10,000 having swollen the expenditure in the North-Western Provinces in 1873-74.

Salt

An increase of £16,300 in the salt department is for working the wire tramway to the mines in the Punjab, for a partial re-alignment of the preventive line in the North-Western Provinces, and for the development of the manufacture and distribution in Bombay; all this expenditure is highly reproductive.

Stamps

Under stamps £29,800 more is wanted in 1874-75 than in 1873-74 chiefly for stores from England.

* The nominal capital of the stock is £6,000,000 and the nominal rate of interest 10½.

Budget Estimates. 1874-75. *Service Grants.*

The mints are expected to cost net £35,000 more than in 1873-74, it being necessary to recruit the stock of copper coin: the outlay will not be completely recouped till 1875-76. The mints are now in full work, and the influx of silver bullion is not over: there is reason to expect that it may continue for some time, there being an evident scarcity of silver coin. At the same time prudence is called for in these estimates. MINTS

The net increase of charge under the post office, £30,000, is only apparent, the net charge for 1873-74 having been accidentally reduced below the usual amount. The net imperial grant for the post office is £118,000: the provincial grants for postal services amount to £24,433 and the grants from local revenues to £51,196; total £193,629. POST OFFICE.

For telegraphs the sum of £450,000 is provided as in 1873-74, while an increase of £8,000 of revenue is estimated chiefly from the Indo-European line. The expenditure on the Indo-European line is expected to be less than in 1873-74 by £8,400; but a corresponding increase is granted for the Indian lines. The net cost of the Indian lines in 1874-75 is estimated to be £184,000, or £4,000 more than in 1873-74. The net cost of the Indo-European line is estimated to be £20,000, or £10,000 less than in 1873-74; this is satisfactory. TELEGRAPHS.

The total revenues of the telegraphs are expected to amount to £252,000, and the total expenditure to £456,000, leaving a net expenditure of £204,000. Of this net expenditure £76,000 is for construction and £122,000 is for the excess of working expenses over receipts. The remaining £6,000 is for famine relief operations, and will be charged under the head of famine relief. Of the deficiency of revenue £95,000 occurs in the Indian telegraphs, and £9,000 on the Indo-European line, and £18,000 for the interest on the Red Sea line. Of the capital outlay £9,000 is for substituting iron for wooden posts on the Persian line, and the rest is for various lines in India. £27,000 is to be expended on the state railway lines (chiefly the Wardah Valley, the Rajputana and the Indus Valley Railways) £13,000 is for new lines, one of which is from Rawal Pindi to Banu, (the grant for which is £11,000)—and the balance is for insulation of existing lines, additional wires, and reconstruction of old lines.

Under administration the sum of £11,000 is provided for the cost of creating the new province of Assam, and £42,000 more than in 1873-74 is wanted for stationery. On the other hand, there will be a saving in consequence of the resolution of the Governor General in Council that the head-quarters of the Government of India shall remain in Calcutta throughout 1874-75; the sum of £13,000 is also deducted on account of the transfer to Government of the annuity fund as explained under land revenue: and there is a substantial saving in printing. The net result is a small saving of £1,100. ADMINISTRATION.

There is a small increase of £1,800 in the grant for minor departments, the increased provision made for the Burmah immigration fund (£20,000) absorbing the saving from the conclusion of the census and other causes. MINOR DEPARTMENTS.

There is an increase of £44,400 under law and justice for the improvement of the administration of the department in the Punjab and in British Burmah, set off by a decrease of £28,000 on the annuity fund account. Compared with the grant for 1873-74, the provision made is moderate; but some expenditure has been transferred, as already explained, to the provincial estimates. LAW AND JUSTICE.

The net marine charge is increased by £64,800, there having been special receipts in 1873-74. The estimate under this head is normal. MARINE.

The grants for ecclesiastical services are £159,000 in the Civil Department, and £23,337 in the Military Department, total £182,337, or nearly the same as was spent in 1873-74. ECCLESIASTICAL.

For medical services the sum of £187,000 is granted. Adding £473,645 included in the grant for the army (stores and services) and £389,979 granted from provincial funds, the total grant from the revenues for medical services in 1874-75 is £1,050,624, besides £127,582 from local revenues, and besides the pay of regimental medical officers. These figures are substantially the same as in 1873-74. MEDICAL.

The grants for political agencies and allowances and assignments taken together show a net increase of £24,400. POLITICAL AGENCIES AND ALLOWANCES AND ASSIGNMENTS.

Budget Estimate, 1874-75.

Service Grants

PENSIONS

Superannuation allowances show a gross increase of £260,700, of which £208,800 is owing to the annuities to covenanted civil servants being now paid directly by the State. This excess with the loss under gain by exchange (£5,400) is more than covered by the decrease under interest on service funds (£192,600), and under the several service heads of land revenue (£17,000), administration (£13,000), and law and justice (£28,000). It must not, however, be supposed that the State will gain permanently by the surrender of the annuity funds; for the charge for the annuities of members of the covenanted civil service is very far from having reached its maximum.

LOSS BY EXCHANGE

The sum provided for the adjusting entry under loss by exchange is £746,000. It is estimated that the Secretary of State will raise by bills £10,000,000, and that his bills will sell at a fraction worse than 1*s.* 10⅜*d.* the rupee. The estimate under this head has usually been too sanguine; but in consequence of the loan operations in prospect, it seems reasonable to expect a rather better exchange this year. But for the proposed loan operations the Secretary of State must have raised £15,000,000 by bills. The exchange upon such a large amount could hardly have been better than 1*s.* 10*d.* the rupee. The adjusting entry under this head must therefore have been £1,364,000. So that the grants from the revenues for the service of the year are less by £618,000 than they must have been if no money were to be borrowed in England.

PROVINCIAL ALLOTMENTS

The decrease of £41,500 in the provincial allotments is owing to a special grant of £10,000 having been made in 1873-74 for the completion of certain salt buildings in Bombay, to a grant of £20,000 in 1873-74 in aid of the provincial revenues of British Burmah, and to some other special grants in that year.

ARMY

The army expenditure is estimated at £15,387,000, being less than the amount granted for 1873-74 by £137,000, and more than the expenditure in 1873-74 as now estimated by £121,000. The decrease is the net result of the following circumstances:—

INCREASES

No deduction is henceforth to be made from the pay of British soldiers for bread and meat rations, and a uniform deduction of nine pies a day is to be made on account of groceries. The effect of this measure is to increase the cost of the British army in India by £70,000. Other items of increase are as follows:—Higher rates of pay to a larger complement of British medical officers, £35,000: increased establishments and allowances for garrison instruction and musketry inspection, £20,000: revised scale of pay and allowance to the educational establishments of the British and Native forces, £6,000: band allowance to regiments of British cavalry and infantry, £5,000: extended operations for the capture of elephants and increased purchases of live stock in the Bengal and Madras Presidencies, £25,000: high prices owing to the scarcity, £25,000: purchase of remounts in the Bengal and Madras Presidencies, £11,000: increased capitation and other charges on account of volunteer corps in Bengal, £4,000: overland troop transport service and passage of officers to England, £60,000:

DECREASES

On the other hand, there are decreases as follows:—Curtailment in reliefs and movements of troops in the country during 1874-75, ordered on account of the financial pressure arising from the scarcity, £62,000: suspension of camps of exercise, owing to the same cause, £40,000: compensation for difference in value between cloth and serge clothing not being payable in 1874-75 in the Madras and Bombay Presidencies, £20,000: diminished number of officers on general duty in India, £28,000: reductions in the Judge Advocate General's Department in Bengal, £4,000: other miscellaneous items, £100,000. There is a decrease in the home charges of £40,000 for effective service on account of British regiments serving in India. There is moreover a nominal decrease of £160,000 owing to the transfer of the charge for the furlough allowance of officers employed in the civil departments, including the public works department, to the estimates of those departments.

NET EXPENDITURE ON ARMY

The net expenditure on the army in 1874-75 is estimated at only £14,497,000. This is the smallest grant made for the army since 1863-64. The highest net expenditure of the last ten years was £16,038,386 in 1865-66, and even since 1869-70 the net cost of the army has been actually reduced by more than ¾ths of a million sterling.

Budget Estimates, 1874-75.

Service grants.

ARMY STATISTICS.

The military force of India in the year 1873-74 was as follows:—6,162 British officers, 60,244 British non-commissioned officers and soldiers, 2,864 volunteers, 123,470 native commissioned and non-commissioned officers and soldiers, 13,238 horses, and 394 field guns.

For 1874-75 the force is estimated as follows:—6,086 British officers, 60,227 British non-commissioned officers and soldiers, 3,804 volunteers, 123,474 native commissioned and non-commissioned officers and soldiers, 13,238 horses, and 394 field guns.

The decrease in the number of British officers is due to retirements, deaths, &c., among the officers of the Indian Staff Corps, and of the general lists; that in the number of British non-commissioned officers and soldiers is due to casualties in the invalid and veteran establishments in Bengal and Madras. The increase in the strength of the volunteers is owing to additions to several of the existing corps, and to the formation of new corps at Darjeeling and in South Behar.

PUBLIC WORKS ORDINARY.

The grant for public works ordinary is £2,505,000, being £151,000 more than the grant for 1873-74. Of the excess £47,000 is nominal, being the charge for furlough allowances to officers serving in the public works department; this charge has hitherto appeared partly under the army and partly under the head of civil furlough allowances. In some particulars the expenditure will be less than in 1873-74. The chief real excess is under the head of agricultural: £100,000 has been granted in excess of the grant for 1873-74 for the construction of new agricultural works, chiefly embankments and canals, and £25,000 for repairs: altogether the grant for agricultural works (£906,200) exceeds the grant made for 1873-74 by £136,600. Recent experience has brought out prominently the importance of maintaining the irrigation works of each province in complete efficiency; it has long been felt difficult to do this without increasing the grant for public works ordinary.

The grant for military works is £1,218,800 as compared with £1,230,000 in 1873-74: of this £593,322 is for original military works, of which £417,212 is to be spent upon the barracks, raising the total sum spent on the barrack scheme to the end of 1874-75 to £7,852,367. The rest (£625,478,) of the grant for military works, is for repairs, establishments, and for the barrack department.

The remainder (£380,000) of the grant is for civil buildings and communications, and miscellaneous public improvements in India, for the civil engineering college in England, for furlough allowances, &c.

If the sum estimated to be spent from provincial revenues in 1874-75 (£1,621,326), be added, the whole grant from the ordinary revenues for public works in 1874-75 is £4,126,326. This is besides £1,643,565 estimated to be spent on public works from local revenues. Thus the grand total estimated ordinary expenditure on public works in 1874-75 is £5,769,891, or £609,025 less than in 1873-74, the provincial and local expenditure of which year includes a considerable sum for relief works.

LAND AND SUPERVISION.

The saving of £46,000 under land and supervision for guaranteed railways, is due to a special charge £66,000 in 1873-74 for the carriage of surplus material belonging to the Great Southern of India line, bought for the Nizam's State Railway, which it was deemed expedient for the Government to bear.

GUARANTEED RAILWAYS.

The gross earnings of the guaranteed companies less half surplus profits (£292,000) are estimated to be £7,387,000, being more than in 1873-74 by £97,000. The working expenses are estimated at £4,085,000, being less than in 1873-74 by £105,000. The net traffic receipts applicable to the discharge of guaranteed interest are estimated at £3,302,000, being more than in 1873-74 by £202,000. The guaranteed interest is estimated at £4,696,000, being more than in 1873-74 by £30,000, and the net charge upon Indian revenues for this interest is estimated at £1,394,000, being less than in 1873-74 by £172,000.

These results give a more favorable impression of the financial condition of these railways than is perhaps warranted by a particular examination of the facts. Of the receipts £261,000 consists of refunds of expenditure originally charged to revenue and now debited to capital. Of this sum £215,000 was spent in repairing the bridges carried away by floods and protective works

Budget Estimates. 1874-75

Service grants

on the Sindh Punjab and Delhi line in two consecutive years, and £46,000 on similar works on the Eastern Bengal Railway.

On the other hand, there is a deduction from the receipts of £292,000 half surplus earnings in excess of the guaranteed interest, of which £9,000 is expected to be earned on the Eastern Bengal Railway and the rest on the East Indian Railway. This will be the first time that the Eastern Bengal line has earned such surplus. The half surplus of the East Indian Railway to be paid for the half-year ending 30th June next will amount to more than one per cent. on the capital, which now stands at £27,610,165. The surplus on this line is swollen this year by the extraordinary grain traffic, almost the whole profits of which will appear in the company's accounts for the half-year ending 30th June 1874. The effect upon the Government revenue is, that while the whole increased earnings to the 31st March on account of the active grain traffic are credited in 1873-74, the increased half surplus accruing therefrom to the shareholders will be debited in 1874-75, and will go far to neutralise in that year the extraordinary earnings after the 31st March. Thus the sum originally estimated as net traffic receipts from the East Indian Railway (main line) in 1873-74 was £1,344,000; the present estimate for 1874-75 is for £1,422,300, or only £78,300 more than the original estimate of 1873-74.

Of the other railways the Eastern Bengal Railway shows an improvement of £81,100, the Oudh and Rohilkhund, £35,000, the Great Indian Peninsula, £129,400, the Bombay and Baroda, £20,500. The Madras Railways show a decrease of £14,300, their earnings in 1873-74 having been swollen by the freight of the material for the Nizam's State Railway. The increase in the earnings of the Great Indian Peninsula line is, to the extent of £80,000, nominal; for some years past the company has been permitted to accumulate from its traffic earnings, to meet renewals of permanent-way materials, a reserve fund which now amounts to £250,000. It is not thought desirable further to increase this fund, and contributions to it will now cease.

The financial prospects of the guaranteed railways are better than they have been for some time past, and there is hope of further improvement, as the construction of the railways is completed, and the state railways bring traffic to the guaranteed lines.

TOTAL REVENUE AND EXPENDITURE

The revenue of late years has been as follows:—

	£
1868-69	49,262,691
1869-70	50,901,081
1870-71	51,413,686
1871-72	50,109,093
1872-73	50,220,360
1873-74 (present estimate)	49,476,000

The sum of £48,984,000 only is estimated for 1874-75.

The ordinary expenditure has been—

	£
1868-69	52,036,722
1869-70	50,782,412
1870-71	49,930,696
1871-72	46,984,915
1872-73	48,456,482
1873-74 (present estimate)	47,657,300

The grants for 1874-75 amount to £47,792,000, notwithstanding the abnormally small provision required under loss by exchange.

There can be little doubt, therefore, that the estimates of revenue and expenditure have been cautiously made. Nevertheless, they bring out a surplus revenue amounting to £1,192,000. It appears therefore that if no extraordinary financial disturbance had occurred, the estimates of 1874-75 would have shown a favourable result.

Budget Estimates, 1874-75

EXTRAORDINARY WORKS.

On the 18th July 1873, the Government of India published a forecast of the proposed expenditure upon state railways and irrigation works to the end of the year 1877-78. The amount which, according to this forecast is to be spent in each year is as follows :—

	Canals.	Railways.	Total.
	£	£	£
1874-75	1,475,000	3,000,000	4,475,000
1875-76	1,449,000	3,000,000	4,449,000
1876-77	1,401,000	3,000,000	4,401,000
1877-78	1,304,000	3,000,000	4,304,000
TOTAL ...	5,629,000	12,000,000	17,629,000

Accordingly, the sum of £4,475,000 is now provided for expenditure in 1874-75, to which £88,000 is added for the discharge of certain debentures due upon the Calcutta and South-Eastern line, making a total of £4,563,000.

FINANCIAL CONSEQUENCES OF THE DROUGHT OF 1873 IN NORTHERN INDIA.

Famine relief.

It is now necessary to refer to the financial effects of the famine in a part of the province of Bengal.

The operations of the Government have been—

1st.—The purchase of food-grains and its transport to the places where it is wanted.

2nd.—The encouragement of private trade by a reduction of the rates for freight of food-grains on the railways and the suspension of tolls on roads and ferries.

3rd.—The employment of those able to labour, so that they may earn their living.

4th.—Loans to corporations and private persons for the importation of food and the employment of labour.

5th.—The provision of charitable relief.

6th.—The retail of food-grain, through local traders, in places where the supplies through the ordinary channels are cut off.

It is not yet possible to estimate accurately the final net cost to the State of all these operations; but so far as a forecast can now be made, the grain purchased will cost alongside the railways about £4,000,000; the payments to the railway companies as compensation for carrying grain for private traders at reduced rates will aggregate about £450,000 and for carrying Government grain about £450,000; the contracts for the transport of grain, over the main lines only in Tirhoot amount to £435,750; the Durbhanga Railway will cost about £200,000; the reserve cattle and carriage bought in the North-Western Provinces, £80,000; the remaining expenditure for transport, including steam vessels ordered from England and in Calcutta, £499,250; charitable grants may amount to £250,000, and special establishments for supervising the operations will cost £135,000. It is not possible at present to say what will be the gross expenditure on relief works: but it is hoped that it will either take the shape, directly or indirectly, of payment in grain, or that it will be balanced by the recoveries from the sale of grain. The sum of £3,920,000 was actually expended for famine relief in 1873-74; and as the greater part of the grain has now been paid for, there is reason to hope that the future expenditure will not be as large as that already incurred. Thus according to the best estimate that can now be made, the total net direct expenditure by the State will not exceed £6,500,000. Besides this, £500,000 is estimated to be advanced on loan, of which £187,000 was disbursed in 1873-74.

Of the £6,500,000 net expenditure from the revenues thus estimated, the sum of £3,920,000 already actually expended will be charged off finally in the accounts of 1873-74. The remaining gross expenditure, and all recoveries, will be brought to account in 1874-75.

Provincial, local, and municipal Estimates.

The addition to the ordinary expenditure of £3,920,000 in 1873-74 and £2,580,000 in 1874-75 turns the ordinary surplus of £1,818,700 in 1873-74 into a deficit of £2,101,300 and the ordinary surplus of £1,192,000 in 1874-75 into a deficit of £1,388,000.

PROVINCIAL, LOCAL, AND MUNICIPAL REVENUE AND EXPENDITURE, AND RECEIPTS AND DISBURSEMENTS.

SYSTEM OF PROVINCIAL ALLOTMENTS.

It is now more than three years since, by the resolution No. 3334, dated 14th December 1870, the system of provincial allotments for provincial services was introduced by the government of Earl Mayo. The accounts of the provincial receipts and expenditure during the years 1871-72 and 1872-73 are complete; and regular estimates for 1873-74 and budget estimates for 1874-75 are now appended.

Under this system the local governments administer certain important departments termed "provincial services" at their discretion, subject only to a general responsibility to the supreme government and to the maintenance of the principles laid down by Her Majesty's Government for the administration of these departments. The receipts in connection with these services are given up to the local governments, and a fixed assignment is added from the imperial revenues to cover the whole cost of the services. The measure has fulfilled the expectations with which it was introduced; there are fewer controversies and misunderstandings between the supreme government and the local governments; economy has been promoted; and the efficiency of the administration increased.

When the provincial assignments were first made, it was thought that it would be well to amalgamate the provincial and local funds and to frame consolidated accounts of the whole. The proposal was acceptable to the local governments; but it was found to work inconveniently as regards the imperial finances, chiefly because with consolidated provincial and local accounts there were no means of comparing the financial administration of the provincial departments under the present system with their administration before the transfer. It has therefore been necessary to revert to the old practice of keeping the accounts of provincial funds separate from those of local funds. Unexpected difficulty has been found in carrying out the change, and it is not certain that it has yet been satisfactorily effected: there may still be some doubt whether some of the public works expenditure shown as from provincial revenues is not really from local revenues, and *vice versâ*.

The debt accounts and estimates connected with each division of the receipts and expenditure, provincial, local, and municipal, are incorporated in the following total figures throughout, as without them the balances cannot be worked out.

According to the latest estimates the provincial revenues and receipts in 1872-73 were expected to be £6,023,729, the provincial expenditure £6,391,181, and a closing debit balance was expected of £107,392. The actual accounts show the receipts to have been £7,082,225, the expenditure £6,910,820, and the closing balance at credit £541,032.

The provincial revenues and receipts in 1873-74 were first estimated to be £5,857,668, the expenditure £6,497,114, and the closing debit balance £716,835. Including a grant to the Government of Bengal of £250,000 in aid of the expenditure on public works undertaken for the relief of the distressed population, the receipts are now estimated to have been £6,491,000, the expenditure £6,421,300, and the closing credit balance £610,732.

The provincial revenues and receipts in 1874-75 are estimated to be £6,130,200, the expenditure (not including any expenditure on relief works) £6,224,400, and the closing balance £516,532.

SUMMARY, PROVINCIAL REVENUE.

Thus, it appears that if the estimates now made be realised, the provincial revenues during the first four years of their transfer to local Governments will have exceeded the expenditure by £316,532, besides the special grants in aid of provincial funds (£200,000) made on the inauguration of the system in 1870-71.

Local and Municipal Estimates.

LOCAL REVENUES AND RECEIPTS THEIR NATURE

The chief local revenues and receipts are from the various cesses upon the land revenue, which are levied chiefly for the construction of local public works and for education, and from tolls on roads and ferries. There is also the pandhari tax in the Central Provinces, and there are some important tolls on canals (Nudden and Calcutta) in Bengal. The transactions of cantonment funds and port funds, excepting the port trusts of the presidency towns of Bombay and Calcutta, the accounts of which are not on the Government books, are also recorded as local receipts and expenditure. The local cesses or taxes have of late years been reduced in number and simplified, and no fresh cess may now be imposed even by consent, without the permission of the Government of India.

LOCAL REVENUE AND EXPENDITURE, 1872-73.

The local revenues and receipts in 1872-73 were last estimated at £3,593,078, the expenditure at £2,967,601, and the closing balance at £2,848,809. The actual accounts show the receipts to have been £3,521,792, the expenditure £3,288,548, and the closing balance £2,202,672.

1873-74.

The local revenues and receipts during 1873-74 were first estimated at £3,638,725, the expenditure at £3,654,873 and the closing balance at £2,832,656. According to the present estimates the revenues and receipts were £3,664,000, the expenditure £3,845,000, and the closing balances £2,021,672.

1874-75.

It is estimated that the local revenues and receipts in 1874-75 will be £3,171,600, the expenditure £3,627,100, and the closing balance £1,566,172.

Thus during the four years ending 1874-75 the local expenditure will, if the present estimates are realised, have exceeded the receipts by £376,291.

MUNICIPAL INCOME AND EXPENDITURE.

Municipal income and expenditure is shown separately for the first time. The figures given under this head do not include the receipts and expenditure of the municipal corporations of the presidency towns, the accounts of which are not recorded in the public books. But the receipts and charges of all other municipalities are shown under this head, excepting those of municipalities in the Bombay Presidency and certain transactions of other municipalities.

1872-73

The estimates of municipal receipt and expenditure were, in 1872-73, incorporated in the local revenues and receipts and were not shown separately. The actual municipal revenues and receipts in 1872-73 were £784,558 the expenditure £762,836, and the balance at credit at the close of the year £163,399.

1873-74.

The receipts of 1873-74 are estimated at £765,000 the charges at £786,000, and the closing balances at £142,399.

1874-75.

The receipts of 1874-75 are estimated at £723,000, the charges at £781,000, and the closing balances at £84,399.

There were 1,283 municipal towns in British India in 1872-73 with a population of 14,431,168 souls, and, according to the accounts given in the administration reports which include some transactions not upon the Government books, they had a gross income of £1,658,352, of which £1,384,024 consisted of taxes, and the remainder of receipts other than taxes.

WAYS AND MEANS AND CASH BALANCES.

CLOSING BALANCES, 1872-73.

By the regular estimate it was anticipated that the year 1872-73 would close with a cash balance of £22,138,852, of which £2,838,852 would be at the home treasury and £19,300,000 in the Indian treasuries. The actual balances on the 31st March 1873 amounted to £21,786,138, of which £2,998,445 was in the home treasury and £18,787,693 in the Indian treasuries. The closing balances were thus lower by £352,714 than was expected, and this notwithstanding an improvement of £532,308 upon the whole account of revenues and receipts and expenditure, and notwithstanding also that the accounts of provincial, local, and municipal funds were £49,549 better than the regular estimates.

The causes of this diminution of the balances are as follows:—The Secretary of State's outstanding bills were paid in excess of estimate by £456,897: the disbursements on the deposit account were under-estimated by £250,000; and the net balance of the various remittance transactions

Ways and means and cash balances.

between the home treasury and the Indian treasuries, between the several presidencies and provinces, between the several departments, and between local officers, proved more unfavorable than was expected by £280,000.

HOME TREASURY 1872-73.

Including the portion of the guaranteed railway interest paid from the revenues, the net expenditure from the home treasury in 1872-73 was £10,332,712, and the share of the guaranteed interest payable in England provided from the surplus railway earnings amounted to £2,508,748; besides which a net sum of £528,622 guaranteed railway capital was withdrawn for actual expenditure, and £794,701 was disbursed in excess of the receipts on the several deposit and remittance accounts. Thus the net out-goings of the home treasury aggregated £14,164,783. To meet this the sum of £14,342,136 was raised by bills drawn upon India, the excess of £177,353 being added to the cash balances, which were increased from £2,821,092 to £2,998,445. There was no borrowing and no repayment of debt in England.

INDIAN TREASURIES, 1872-73.

The net revenue in India in 1872-73 after the discharge of all expenditure in India amounted to £9,912,020; the net traffic earnings received from the guaranteed railway companies towards the payment of the guaranteed interest were £2,508,748; provincial, local, and municipal revenues and receipts yielded to the treasury a surplus of £426,371; service funds civil yielded £210,844; savings banks £241,412; sundry obligations £277,582; remittances £407,887; and the receipts of railway capital exceeded the advances by £27,760. Thus the total net receipts amounted to £14,012,624. Secretary of State's bills for the supply of the home treasury were, however, paid for £14,716,904, besides which £1,488,481 (net) public debt was paid off; the payments of advances and deposits exceeded the receipts by £503,516; the transfer from the military funds was £253,878, and a net sum of £259,867 was advanced on loan to native states, corporations, &c. The total net disbursements thus amounted to £17,222,646, exceeding the net receipts by £3,210,022. Accordingly, the balances show a diminution by this amount, *viz.*, from £21,997,715 to £18,787,693.

WHOLE ACCOUNT, 1872-73

Taking the account as a whole, the deficiency upon the whole account of revenue and expenditure was £420,692: the transfer from military funds amounted to £253,878: loans were made for £259,867 (net): the deposit account including Secretary of State's bills showed a balance of £506,575, and the several remittance accounts £758,523, against the treasury: public debt was paid amounting to £1,488,481: railway capital was withdrawn amounting to £500,862: making the total of net debits £4,188,878. Of this £1,156,209 was provided as follows:—The provincial, local, and municipal receipts exceeded the payments by £426,371: service funds (civil) yielded £210,844: savings banks £241,412, and sundry obligations £277,582. The remaining £3,032,669 were expended from the balances in hand at the beginning of the year, which show a reduction by this amount, *viz.*, from £24,818,807 to £21,786,138.

CLOSING BALANCE, 1873-74.

It was estimated in the budget estimate that at the close of the financial year 1873-74 there would be £2,264,568 in the home treasury and £14,800,000 in the treasuries in India, making a total of £17,064,568. It is now estimated that on the 31st March 1874, there was a sum of £16,143,838 in the treasuries, of which £2,020,145 was in the home treasury and £14,123,693 in the Indian treasuries. The difference between the original and the present estimate (£920,730) is mainly due to the expenditure caused by the famine in Bengal. This expenditure is, as has been stated before, believed to have amounted, including loans, to £4,107,000; so that if it had not occurred, there would have been a cash balance, at the close of the year, of £20,250,838, or £3,186,270 more than the budget estimate.

HOME TREASURY, 1873-74.

Including the Government share of the guaranteed railway interest, the net expenditure from the home treasury against the revenues in 1873-74 is now estimated to have been £10,206,300, and the guaranteed railway interest payable in England provided from surplus earnings £3,064,000, and the net payments on the remittance and deposit accounts are estimated to have been £1,070,900, making a net total of £14,341,200. Of this the Secretary of State borrowed a net sum of £5,000; the railway companies paid in £71,900 more capital than they withdrew; and the sum of £13,286,000 was raised by

bills; total £13,362,900; the deficiency, £978,300, was taken from the balance in the home treasury at the beginning of the year, which has accordingly been reduced from £2,998,445 to £2,020,145. Ways and means and cash balances.

The net revenue in India in 1873-74, after defraying all expenditure in India, is estimated to have been £4,564,000, and the net traffic earnings towards the guaranteed interest £3,064,000: service funds, civil, yield £115,700; savings banks contribute net £409,000; deposits £276,400; sundry obligations £230,000; remittances £989,000; and the net receipts of railway capital amounted to £60,700. But £13,280,700 has been paid on the Secretary of State's bills; the net sum of £132,300 has been paid for provincial and local services in excess of the receipts from these funds; £361,900 has been transferred to revenue from the military funds, £539,300 (net) advanced on loan to corporations, &c., and public debt amounting to £58,600 has been discharged. Thus, while the net receipts amount to £9,708,800, the net payments amount to £14,372,800; the excess (£4,664,000) has been taken from the cash balances, which have accordingly been reduced from £18,787,693 to £14,123,693. INDIAN TREASURIES, 1873-74.

Taking the account as a whole, it is estimated that the total deficit of ways and means on the account of revenue and expenditure was £5,642,300; that £132,300 more was withdrawn on account of provincial and local revenues than was paid in; that £361,900 (net) was paid out from the military funds, that £539,300 (net) was advanced on loans to corporations; that the balance of the several remittance accounts was against the treasury by £78,600, and that the permanent debt was reduced by £53,600 (net). Thus the total of the net debits amounted to £6,808,000. The net credits were as follows: the service funds, civil, yielded £115,700; savings banks the unusually large sum of £409,000 owing to certain abuses which have been corrected, and deposits £278,400; £230,000 (net) was received on the sundry obligation account and £132,600 net railway capital. Thus the total of the net receipts amounted to £1,165,700. So that the cash balances have been reduced by £5,642,300 (from £21,786,138 to £16,143,838). WHOLE ACCOUNT, 1873-74.

It is now estimated that the deficit upon the whole account of revenue and expenditure in 1874-75 will be £5,951,000; that the balances at credit of provincial, local, and municipal funds will be reduced by £607,700; that £358,300 will be transferred to credit of revenue from the military funds; that £500,000 (net) will be required for loans to corporations, &c., and that the net sum of £1,468,700 railway capital will be withdrawn. The total net debits will thus be £8,885,700. The several remittance accounts, including the Secretary of State's bills, are estimated to be in equilibrium. The only net receipts expected are £99,800 from the civil service funds, £420,000 on the deposit account and £263,400 on the account of sundry obligations. The net deficit on the whole account of ways and means in 1874-75 is thus estimated to be £8,102,500, which will be met by borrowing £8,500,000, the excess of £397,500 being added to the cash balances. CLOSING BALANCE, 1874-75.

The net expenditure from the home treasury in 1874-75, including the Government share of the guaranteed interest payable in England chargeable against the revenue, is estimated at £10,569,400; and the portion of the guaranteed interest supplied by the surplus earnings and payable in England at £3,266,000; the railway capital withdrawn is expected to exceed that paid in by £1,035,800, and the payments on the remittance account are expected to be more than the receipts by £880,200. Thus the net outgoings to be provided for from the home treasury are £15,751,400, of which the Secretary of State proposes to provide £751,400 by reducing his cash balance. Of the remainder, £5,000,000 will be borrowed, and £10,000,000 raised by bills upon India. HOME TREASURY, 1874-75.

It is estimated that the revenue in India in 1874-75 will exceed the expenditure in India by £4,618,400; that the net guaranteed railway earnings received for remittance to England will be £3,266,000; that service funds, civil, will yield net £99,800; that the deposit account will yield net £420,000; that the receipts on the several remittance accounts will exceed the disbursements by £880,200; and that sundry obligations will yield £263,400. On the other hand, it is estimated that the net sum of £607,700 will be withdrawn from provincial, INDIAN TREASURIES, 1874-75

Ways and means and cash balances.

local, and municipal funds; that the transfer from service funds, military, will be £358,300; that £500,000 will be required for loans to native states, corporations, and individuals, and that £432,900 railway capital will be paid in excess of receipts; so that, apart from the supply of the home treasury, the total net disbursements will be £1,898,900. Deducting the net disbursements (£1,898,900) from the net receipts (£9,547,800), a net sum of £7,648,900 only is available to meet the bills to be drawn by the Secretary of State for the supply of the home treasury, which will, as has been shown, amount to £10,000,000. Thus there is a deficiency of £2,351,100, to cover which and raise the cash babances (by £1,148,900) to £15,272,593, it is proposed if necessary to borrow during the year £3,500,000 as explained below.

Loan operations.

LOAN OPERATIONS.

DEBT INCURRED AND DISCHARGED, 1872-73

The sum of £110,000 was borrowed in 1872-73, being a portion of the 4½ per cent. loan in course of receipt from the Mahárájá Holkar for the construction of the Indore State Railway; and the sum of £1,598,508 was paid off as follows:—promissory notes of the 5½ per cent. and 4½ per cent. long-currency loans for £477,160 were bought early in the year, the balances in hand being more than were immediately required: an instalment of the 5 per cent. debenture loan of 1867-68 fell due and was paid off to the amount of £233,400; and outstanding notes of the discharged 4 per cent. loans of 1854-55 and 1856-57 were presented and paid to the amount of £887,270. There were a few minor operations. The whole funded debt was reduced by the net amount of £1,488,481.

1873-74

The operations of 1873-74 were not important. Further instalments of the loan from Mahárájá Holkar were received, but they were balanced by further payments of the outstanding notes of the discharged 5 per cent. loans, so that the debt was reduced by the net amount of £53,600.

When the notes of the 5½ per cent. and 4½ per cent. loans of long currency were bought at the beginning of 1872-73, some notes of the shorter-currency 4½ per cent. loans and of the 4 per cent. loans were also purchased, and held bearing no interest, as a temporary investment of the cash balances; they are now being re-issued as notes of the 4 per cent. loans; the aggregate amount was £682,400, of which notes for £350,000 were sold in 1873-74.

1874-75

To provide funds for the service of 1874-75, it will be necessary as has been explained to borrow £8,500,000. Of this sum the Secretary of State has undertaken to borrow £5,000,000 in England at once. Of the remainder, £860,000 is due from the Mahárája Sindhia and Holkar for the construction of the Gwalior and Indore State Railways; the balance will be raised in India or England as may appear most convenient.

EXPENDITURE OF MONEY BORROWED SINCE 1867-68

A return (No. VII) is appended to this statement which carries to the end of 1872-73 the statements given for the last three years by Sir Richard Temple, showing all money borrowed since the policy of borrowing money for reproductive works was first publicly defined, side by side with the amount spent on reproductive works during this period, and the net loans to corporations, &c. This statement shows that the whole of the money borrowed to the end of 1872-73 was less, by £45,831, than the amount disbursed for reproductive works and loans to corporations, &c.: the expenditure of this character in 1873-74 has been met without increasing the registered public debt.

The separation of the extraordinary from the ordinary expenditure was first made in 1867-68. From the beginning of that year to the end of 1872-73, it is estimated that expenditure amounting to £9,553,543 was classified in the accounts as extraordinary. During the same period, the deficit on the whole account was £6,845,555; to which must be added the sum of £1,765,256 credited to revenue during these years from the military and medical funds, for these credits do not supply ways and means; the whole true deficit is thus raised to £8,610,811, which is less than the expenditure on reproductive works by

£942,732. During the same period the net sum of £12,716,654 was raised by loan, and the account stands thus— Miscellaneous.

	£
Actual deficit upon the whole account	8,610,811
Advances made and deposits repaid (net), excluding the military funds credited as revenue	508,449
Cash balances raised from £15,155,834 to £21,786,138 ..	6,630,304
	15,749,564

which has been thus provided—

Borrowed	12,716,654
Excess railway capital paid in	3,032,341
Net receipts on the remittance accounts	569
	15,749,564

MISCELLANEOUS.

The circulation of paper currency which in 1872-73 exceeded 13 millions sterling has in the past year fallen to a much lower range, and now hardly exceeds 9 millions sterling. The main cause of this falling-off is to be traced to the reduction of the Government cash balances which during the past two years have been gradually absorbed in expenditure on canals and railways. The decrease in the reserves at the presidency towns has been accelerated by the heavy expenditure for the relief of the distress in Bengal. PAPER CURRENCY.

Concurrently with these extraordinary demands, which have involved the provision of large amounts of specie at various points in the provinces, has occurred the usual demand for silver for the opium crop, and for the staple food, seed, and fibre crops. The food crops having been largely bought for home consumption, their purchase has not led to the sale of commercial bills on England, which would have occurred had the demand been for export, and the rates of sterling exchange have not responded so immediately as would have been the case if the demand had been of an ordinary commercial character. The consequence has been a great temporary deficiency of currency at the monetary centres, which is reflected in the paper currency circulation. The considerable importations of silver bullion recently made, and further amounts now expected, will tend to remove this inconvenience.

The circulation of five-rupee notes has continued to advance, though slowly, notwithstanding the falling-off in the general circulation.

The money order department shows little change from the figures given in March 1873. Two hundred and ninety-one offices are now open, against 302 in 1873: the small decrease arises from the closure of offices whose transactions were found to be nearly nominal. In the number of orders issued there is a slight increase from 251,123 last year to 269,435 in the year just completed. Their amount has also risen from £1,251,411 to £1,292,163. MONEY ORDERS.

The overland money order system has continued to afford a convenient mode of remitting to England small sums of money: 756 orders were drawn in 1873-74 on India for £2,603 and 9,306 upon England for £54,458. The system has as yet yielded little or no profit to the State.

There has been during the past year a steady increase in the business of the Government savings banks scattered throughout the country: 137 district banks are now open in the Bengal Presidency holding £111,552 from 5,325 depositors. In Bombay it became necessary to check the abuse of the system, as it was found that persons opened numerous accounts in the same name, thus obtaining a rate of interest for money at call higher than was given by the banks. The total amount of deposits in Government savings banks of all descriptions at the end of 1873-74 is estimated at £1,887,163, and the depositors exceed 63,000. SAVINGS BANKS.

The price of gold relatively to silver has been such that no gold has been tendered at the Government treasuries or at the offices of the currency department. GOLD CURRENCY

The price of Government securities has been firm for the greater part of the year. In Calcutta four per cent. rupee paper has been more than once (28th July and 30th October) quoted at 105¼. The lowest quotation was PRICE OF GOVERNMENT SECURITIES

Miscellaneous. $99\frac{3}{8}$ on the 18th March since when there has been a considerable recovery. The price of enfaced rupee paper in London varies with the rates of exchange: the highest quotation for four per cents. was $97\frac{1}{2}$ on the 1st and 3rd October, the lowest 94 on the 27th November. The highest price of sterling four per cents. was 104 at the beginning of July, the lowest 101 on the 27th November and 11th December. The rupee securities enfaced for the payment of interest in England by drafts on India increased from £12,991,592 at the close of 1872-73 to £13,282,245 at the close of 1873-74.

Presidency banks. Negotiations have been conducted for renewed arrangements for the conduct of the business of the Government by the presidency banks at the presidency towns and elsewhere, but are not quite complete. Meanwhile the late agreements have been renewed, terminable after three months' notice from either party.

By order of His Excellency the Viceroy and Governor General in Council.

Fort William,
Financial Department,
23rd *April* 1874.

R. B. CHAPMAN,
Secretary to the Government of India.

STATEMENTS.

I.

REVENUE AND EXPENDITURE OF THE

Estimates,

REVENUE.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Increase.	Decrease.	Budget estimates, 1874-75.	Budget estimates, 1874-75, compared with regular estimates, 1873-74.
	£	£	£	£	£	£	£
CIVIL.							
I.—Land revenue ...	21,348,669	21,180,000	21,039,500	...	140,500	21,404,000	+ 364,500
II.—Tributes and contributions from N. States	741,465	722,000	768,300	46,300	...	726,000	— 42,300
III.—Forest	570,337	584,000	619,500	35,500	...	606,000	— 13,500
IV.—Excise on spirits and drugs	2,323,788	2,218,000	2,285,100	67,100	...	2,286,000	+ 900
V.—Assessed taxes ...	580,139	10,000	19,600	9,600	...	Nil.	— 19,600
VI.—Customs	2,653,890	2,649,000	2,624,600	...	24,400	2,738,000	+ 113,400
VII.—Salt	6,165,630	6,144,000	6,151,000	7,000	...	6,079,000	— 72,000
VIII.—Opium	8,684,691	7,500,000	8,322,000	822,000	...	7,615,000	— 707,000
IX.—Stamps	2,608,512	2,629,000	2,697,800	68,800	...	2,708,000	+ 10,200
X.—Mint	54,261	40,000	66,500	26,500	...	124,000	+ 57,500
XI.—Post office ...	580,312	719,000	720,000	1,000	...	695,000	— 25,000
XII.—Telegraph	249,802	225,000	244,000	19,000	...	252,000	+ 8,000
XIII.—Law and justice ...	392,686	380,000	357,500	...	22,500	333,000	— 24,500
XIV.—Marine	209,814	179,000	220,700	41,700	...	201,000	— 19,700
XV.—Interest	506,779	472,000	460,500	...	11,500	462,000	+ 1,500
XVI.—Receipts in aid of superannuation, retired and compassionate allowances	587,078	662,000	685,400	23,400	...	679,000	— 6,400
XVII.—Gain by exchange on transactions with London	301,436	306,900	376,800	69,900	...	322,000	— 54,800
XVIII.—Miscellaneous ...	248,583	206,100	265,200	59,100	...	195,000	— 70,200
TOTAL ...	48,807,872	46,826,000	47,924,000	1,098,000	...	47,425,000	— 499,000
Army	906,853	870,000	960,000	90,000	...	890,000	— 70,000
Public works, ordinary ...	75,567	73,000	87,000	14,000	...	83,000	— 4,000
Irrigation	413,535	478,000	465,000	...	13,000	491,000	+ 26,000
State railways	16,533	39,000	40,000	1,000	...	95,000	+ 55,000
GRAND TOTAL ...	50,220,360	48,286,000	49,476,000	1,190,000	.	48,984,000	— 492,000
Deficit, excluding P. W. extraordinary	...	...	2,101,300	...	...	1,388,000	— 713,300
Deficit, including P. W. extraordinary	420,692	3,658,000	5,642,300	1,984,300	...	5,951,000	+ 308,700

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

GOVERNMENT OF INDIA IN INDIA AND IN ENGLAND.

1874-75.

EXPENDITURE.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Increase.	Decrease.	Budget estimates, 1874-75.	Budget estimates, 1874-75, compared with regular estimates, 1873-74.
CIVIL.	£	£	£	£	£	£	£
1.—Interest on funded and unfunded debt ..	5,301,669	5,234,000	5,250,900	16,900	...	5,127,000	—123,900
2.—Interest on service funds and other accounts ...	555,789	536,000	537,100	1,100	...	359,000	—178,100
3.—Refunds and drawbacks ...	325,065	301,000	276,400	...	24,600	262,000	—14,400
4.—Land revenue ...	2,453,891	2,477,000	2,501,200	24,200	...	2,513,000	+11,800
5.—Forest	392,838	420,000	410,100	...	9,900	443,000	+32,900
6.—Excise on spirits and drugs	130,557	91,000	93,100	2,100	...	87,000	—6,100
7.—Assessed taxes ...	13,244	1,000	2,100	1,100	...	Nil	—2,100
8.—Customs	180,375	185,000	184,300	...	700	186,000	+1,700
9.—Salt	476,680	480,000	473,700	...	6,300	490,000	+16,300
10.—Opium	1,814,268	2,115,000	1,996,000	...	119,000	2,115,000	+119,000
11.—Stamps	92,101	120,000	87,200	...	32,800	117,000	+29,800
12.—Mint	84,753	63,000	75,500	12,500	...	168,000	+92,500
13.—Post office	690,627	820,000	808,000	...	12,000	813,000	+5,000
14.—Telegraph	484,140	450,000	419,200	...	30,800	450,000	+30,800
15.—Administration ...	1,533,560	1,586,000	1,560,100	...	25,900	1,559,000	—1,100
16.—Minor departments ...	360,465	312,000	321,200	9,200	...	323,000	+1,800
17.—Law and justice ...	2,222,175	2,310,000	2,262,600	...	47,400	2,279,000	+16,400
18.—Marine	556,236	581,000	482,900	...	98,100	528,000	+45,100
19.—Ecclesiastical	152,330	157,000	159,600	2,600	...	159,000	—600
20.—Medical	184,291	187,000	186,900	...	100	187,000	+100
21.—Political agencies ...	390,816	440,000	357,500	...	82,500	445,000	+87,500
22.—Allowances and assignments under treaties and engagements ...	1,749,890	1,721,000	1,785,100	64,100	...	1,722,000	—63,100
23.—Civil furlough and absentee allowances ...	156,059	162,000	277,000	115,000	...	277,000	..
24.—Superannuation, retired and compassionate allowances	1,576,253	1,530,000	1,563,700	33,700	...	1,818,000	+254,300
25.—Loss by exchange on transactions with London ...	765,109	850,000	985,700	135,700	...	746,000	—239,700
26.—Miscellaneous ...	267,697	71,000	84,700	13,700	...	70,000	—14,700
27.—Allotments for provincial services	5,223,190	4,969,000	5,071,500	102,500	...	5,030,000	—41,500
Famine relief	...	...	3,920,000	3,920,000	...	2,580,000	—1,340,000
TOTAL CIVIL ...	28,134,068	28,169,000	32,133,300	3,964,300	...	30,853,000	—1,280,300
Army	15,503,612	15,524,000	15,266,000	...	258,000	15,387,000	+121,000
Public works, ordinary ...	2,525,241	2,354,000	2,382,000	28,000	...	2,505,000	+123,000
State railways	17,914	52,000	55,000	3,000	...	104,000	+49,000
Land and supervision (guaranteed railways)	165,146	177,000	175,000	...	2,000	129,000	—46,000
Guaranteed interest, less net traffic receipts	2,110,501	1,790,000	1,566,000	...	224,000	1,394,000	—172,000
TOTAL ORDINARY ...	48,456,482	48,066,000	51,577,300	3,511,300	...	50,372,000	—1,205,300
Public works, extraordinary ...	2,184,570	3,878,000	3,541,000	...	337,000	4,563,000	+1,022,000
GRAND TOTAL ...	50,641,052	51,944,000	55,118,300	3,174,300	...	54,935,000	—183,300
Surplus, excluding P. W. extraordinary	1,763,878	220,000	...	...	...	...	...
Gross guaranteed interest ...	4,658,401	4,690,000	4,666,000	...	24,000	4,696,000	+30,000
Net traffic receipts ...	2,547,900	2,900,000	3,100,000	200,000	...	3,302,000	+202,000
Guaranteed interest less net traffic receipts	2,110,501	1,790,000	1,566,000	...	224,000	1,394,000	—172,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II.

REVENUE AND EXPENDITURE OF THE

Estimates,

REVENUE.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Increase.	Decrease.	Budget estimates, 1874-75	Budget estimates, 1874-75, compared with regular estimates, 1873-74
	£	£	£	£	£	£	£
I.—Land revenue ...	21,348,669	21,180,000	21,039,500	...	140,500	21,404,000	+ 364,500
II.—Tributes and contributions from Native States	741,465	722,000	768,300	46,300	...	726,000	— 42,300
III.—Forest	570,337	584,000	619,500	35,500	...	606,000	— 13,500
IV.—Excise on spirits and drugs	2,323,788	2,218,000	2,285,100	67,100	...	2,286,000	+ 900
V.—Assessed taxes ..	580,139	10,000	19,600	9,600	...	...	— 19,600
VI.—Customs	2,653,890	2,649,000	2,624,600	...	24,400	2,738,000	+ 113,400
VII.—Salt	6,165,630	6,144,000	6,151,000	7,000	...	6,079,000	— 72,000
VIII.—Opium	8,684,691	7,500,000	8,322,000	822,000	...	7,615,000	— 707,000
IX.—Stamps	2,608,512	2,629,000	2,697,800	68,800	...	2,708,000	+ 10,200
X.—Mint	54,250	40,000	66,500	26,500	...	124,000	+ 57,500
XI.—Post office ...	580,312	719,000	720,000	1,000	...	695,000	— 25,000
XII.—Telegraph	229,186	219,400	239,700	20,300	...	241,200	+ 1,500
XIII.—Law and justice ...	392,686	380,000	357,500	...	22,500	333,000	— 24,500
XIV.—Marine	207,943	179,000	220,700	41,700	...	201,000	— 19,700
XV.—Interest	439,553	457,000	393,500	...	63,500	447,000	+ 53,500
XVI.—Receipts in aid of superannuation, retired and compassionate allowances	494,335	571,400	590,800	19,400	...	584,400	— 6,400
XVII.—Gain by exchange on transactions with London	301,436	306,900	376,800	69,900	...	322,000	— 54,800
XVIII.—Miscellaneous ...	241,617	200,100	242,200	42,100	...	187,000	— 55,200
	48,618,439	46,708,800	47,735,100	1,026,300	..	47,296,600	— 438,500
Army	885,545	857,000	933,000	76,000	...	870,000	— 63,000
Public works, ordinary ...	64,202	56,000	70,800	14,800	...	64,300	— 6,500
Irrigation	413,535	478,000	465,000	...	13,000	491,000	+ 26,000
State railways	16,533	39,000	40,000	1,000	..	95,000	+ 55,000
TOTAL ORDINARY ...	49,998,254	48,138,800	49,243,900	1,105,100	...	48,816,900	— 427,000

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

GOVERNMENT OF INDIA IN INDIA.

1874-75.

EXPENDITURE.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Increase.	Decrease.	Budget estimates, 1874-75.	Budget estimates, 1874-75, compared with regular estimates, 1873-74.
	£	£	£	£	£	£	£
1.—Interest on funded and unfunded debt ...	2,834,764	2,792,400	2,816,500	24,100	...	2,917,000	+ 100,500
2.—Interest on service funds and other accounts ...	555,789	536,000	537,100	1,100	...	359,000	— 178,100
3.—Refunds and drawbacks ...	325,065	301,000	276,400	...	24,600	262,000	— 14,400
4.—Land revenue ...	2,449,957	2,473,600	2,497,300	23,700	...	2,509,400	+ 12,100
5.—Forest ...	388,118	417,700	405,200	...	12,500	440,000	+ 34,800
6.—Excise on spirits and drugs	130,557	91,000	93,100	2,100	...	87,000	— 6,100
7.—Assessed taxes ...	13,244	1,000	2,100	1,100	...	...	— 2,100
8.—Customs ...	180,375	185,000	184,300	...	700	186,000	+ 1,700
9.—Salt ...	476,646	480,000	473,300	...	6,700	490,000	+ 16,700
10.—Opium ...	1,873,976	2,115,000	1,996,000	...	119,000	2,115,000	+ 119,000
11.—Stamps ...	83,452	74,800	64,900	...	9,900	70,500	+ 5,600
12.—Mint	80,890	59,500	70,100	10,600	...	82,000	+ 11,900
13.—Post office ...	616,412	742,800	736,000	...	6,800	733,600	— 2,400
14.—Telegraph ...	362,756	374,000	336,900	...	37,100	382,100	+ 45,200
15.—Administration ...	1,232,709	1,232,900	1,234,500	1,600	...	1,191,500	— 43,000
16.—Minor departments ...	310,308	283,700	288,000	4,300	...	283,600	— 4,400
17.—Law and justice ...	2,218,895	2,306,600	2,262,100	...	44,500	2,277,000	+ 14,900
18.—Marine ...	360,836	357,600	363,300	5,700	...	383,200	+ 19,900
19.—Ecclesiastical ...	150,938	156,100	157,500	1,400	...	158,100	+ 600
20.—Medical ...	176,262	180,200	180,100	...	100	180,200	+ 100
21.—Political agencies ...	343,784	398,500	322,000	...	76,500	402,000	+ 80,000
22.—Allowances and assignments under treaties and engagements ...	1,730,554	1,701,700	1,765,800	64,100	...	1,702,600	— 63,200
24.—Superannuation, retired, and compassionate allowances ...	701,514	688,000	660,700	...	27,300	700,000	+ 39,300
25.—Loss by exchange on transactions with London ...	765,109	850,000	985,700	135,700	...	746,000	— 239,700
26.—Miscellaneous ...	78,695	42,000	58,500	16,500	...	44,800	— 13,700
27.—Allotments for provincial services ...	5,223,190	4,969,000	5,071,500	102,500	...	5,030,000	— 41,500
Famine relief ...	...	...	3,907,000	3,907,000	...	2,522,000	—1,385,000
TOTAL ...	23,604,745	23,810,100	27,745,900	3,935,800	...	26,254,600	—1,491,300
Army ...	11,979,327	11,844,900	11,866,500	21,600	...	11,869,700	+ 3,200
Public works, ordinary ...	2,438,080	2,301,000	2,256,500	...	44,500	2,421,200	+ 164,700
State railways ...	17,914	52,000	55,000	3,000	...	104,000	+ 49,000
Land and supervision (guaranteed railways) ...	165,146	177,000	175,000	...	2,000	129,000	— 46,000
	38,205,212	38,185,000	42,098,900	3,913,900	...	40,778,500	—1,320,400
Public works, extraordinary	1,881,022	3,045,800	2,581,000	...	464,800	3,420,000	+ 839,000
GRAND TOTAL ...	40,086,234	41,230,800	44,679,900	3,449,100	...	44 198,500	— 481,400

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

REVENUE AND EXPENDITURE AT THE HOME

Estimates

REVENUE.	Accounts, 1872-73	Budget Estimates, 1873-74.	Regular Estimates, 1873-74	Increase	Decrease.	Budget Estimates, 1874-75.	Budget Estimates, 1874-75, compared with Regular Estimates, 1873-74.
	£	£	£	£	£	£	£
X.—Mint ...	11	...	...	.	...	...	...
XII.—Telegraph ...	20,616	5,600	4,300	...	1,300	10,800	+6,500
XIV.—Marine ...	1,871	...	...	...	...	.	...
XV.—Interest	67,226	15,000	67,000	52,000	. .	15,000	—52,000
XVI.—Receipts in aid of superannuation, retired and compassionate allowances	92,743	90,600	94,600	4,000	...	94,600	...
XVIII.—Miscellaneous ...	6,966	6,000	23,000	17,000	...	8,000	—15,000
TOTAL ...	189,433	117,200	188,900	71,700	...	128,400	—60,500
Army	21,308	13,000	27,000	14,000	...	20,000	—7,000
Public works, ordinary .	11,365	17,000	16,200		800	18,700	+2,500
GRAND TOTAL ..	222,106	147,200	232,100	84,900	...	167,100	—65,000

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

I.
TREASURY OF THE GOVERNMENT OF INDIA.

1874-75.

EXPENDITURE.	Accounts, 1872-73.	Budget Estimates, 1873-74.	Regular Estimates, 1873-74.	Increase.	Decrease.	Budget Estimates, 1874-75.	Budget Estimates, 1874-75, compared with Regular Estimates, 1873-74.
	£	£	£	£	£	£	£
1.—Interest on funded and unfunded debt ...	2,466,905	2,441,600	2,434,400	...	7,200	2,210,000	— 224,400
4.—Land revenue ...	3,934	3,400	3,900	500	...	3,600	— 300
5.—Forest	4,720	2,300	4,900	2,600	...	3,000	— 1,900
9.—Salt	34	...	400	400	...	...	— 400
10.—Opium	292	...	...	...	...	...	...
11.—Stamps	8,649	45,200	22,300	...	22,900	46,500	+ 24,200
12.—Mint	3,863	3,500	5,400	1,900	...	86,000	+ 80,600
13.—Post office	74,215	77,200	72,000	...	5,200	79,400	+ 7,400
14.—Telegraph	121,384	76,000	82,300	6,300	...	67,900	— 14,400
15.—Administration ...	300,851	353,100	325,600	...	27,500	367,500	+ 41,900
16.—Minor departments ...	50,157	28,300	33,200	4,900	...	39,400	+ 6,200
17.—Law and justice ...	3,280	3,400	500	...	2,900	2,000	+ 1,500
18.—Marine	195,400	223,400	119,600	...	103,800	144,800	+ 25,200
19.—Ecclesiastical	1,392	900	2,100	1,200	...	900	— 1,200
20.—Medical	8,029	6,800	6,800	...	...	6,800	...
21.—Political agencies ...	47,082	41,500	35,500	...	6,000	43,000	+ 7,500
22.—Allowances and assignments under treaties and engagements	19,336	19,300	19,300	...	...	19,400	+ 100
23.—Civil, furlough and absentee allowances ...	156,059	162,000	277,000	115,000	...	277,000	...
24.—Superannuation, retired and compassionate allowances	874,739	842,000	903,000	61,000	...	1,118,000	+ 215,000
26.—Miscellaneous	189,002	29,000	26,200	...	2,800	25,200	— 1,000
Famine relief	...	...	13,000	13,000	...	58,000	+ 45,000
TOTAL ...	4,529,323	4,358,900	4,387,400	28,500	...	4,598,400	+ 211,000
Army	3,524,285	3,679,100	3,399,500	...	279,600	3,517,300	+ 117,800
Public works, ordinary ...	87,161	53,000	125,500	72,500	...	83,800	— 41,700
Guaranteed interest less net traffic receipts	2,110,501	1,790,000	1,566,000	...	224,000	1,394,000	— 172,000
	10,251,270	9,881,000	9,478,400	...	402,600	9,593,500	+ 115,100
Public works, extraordinary ...	303,548	832,200	960,000	127,800	...	1,143,000	+ 183,000
GRAND TOTAL ..	10,554,818	10,713,200	10,438,400	...	274,800	10,736,500	+ 298,100

E. T. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

IV.
PROVINCIAL REVENUE AND EXPENDITURE.
Estimates, 1874-75.

REVENUE.	Accounts, 1872-73.	Budget Estimates, 1873-74.	Regular Estimates, 1873-74.	* Regular Estimates compared with Budget Estimates, 1873-74.	Budget Estimates, 1874-75.	Budget Estimates, 1874-75, compared with Regular Estimates, 1873-74.
	£	£	£	£	£	£
Opening balance ...	369,627	541,032	541,032	...	610,732	+ 69,700
Imperial allotment for provincial services ...	5,223,190	5,061,649	5,071,500	+ 9,851	5,030,000	— 41,500
Special allotment for the famine in Bengal ...	...	...	250,000	+ 250,000	...	— 250,000
Taxes, rates and cesses—						
On lands ...	...	...	...	...	...	...
On houses ...	1,291	1,150	1,200	+ 50	1,200	...
Assessed taxes ...	...	...	...	...	...	...
Miscellaneous Taxes—						
Octroi ...	...	...	...	...	...	...
Licenses ...	...	...	...	...	...	...
Miscellaneous ...	...	...	...	...	...	...
	1,291	1,150	1,200	+ 50	1,200	...
Departmental receipts—						
Jails ...	196,283	259,682	259,672	— 10	306,975	+ 47,303
Registration ...	172,255	165,235	171,253	+ 6,018	180,373	+ 9,120
Police ...	97,792	80,294	84,374	+ 4,080	84,860	+ 486
Education ...	87,601	95,405	96,168	+ 763	103,997	+ 7,829
Medical ...	30,653	13,295	14,688	+ 1,393	22,827	+ 8,139
Printing ...	11,176	11,522	14,217	+ 2,695	15,776	+ 1,559
Marine ...	...	...	...	...	...	...
	595,760	625,433	640,372	+ 14,939	714,808	+ 74,436
Miscellaneous receipts—						
Tolls ...	3,236	3,390	4,000	+ 610	3,310	— 690
Port dues ...	...	...	...	...	...	...
Interest ...	...	...	...	...	...	...
Rents ...	51	...	...	...	...	...
Sale of lands, houses, &c.	...	...	...	...	...	...
Miscellaneous fees and fines	11,403	8,193	7,674	— 519	10,867	+ 3,193
Voluntary contributions ...	...	...	...	...	...	...
Sundry receipts ...	20,045	17,157	20,126	+ 2,969	13,855	— 6,271
	34,735	28,740	31,800	+ 3,060	28,032	— 3,768
Contributions from local funds ...	143,846	138,974	105,600	— 33,374	189,620	+ 84,020
Public works ...	127,020	50,054	93,028	+ 42,974	56,540	— 36,488
Total revenue ...	6,125,842	5,906,000	6,193,500	+ 287,500	6,020,200	— 173,300
Debt accounts ...	956,383	84,000	297,500	+ 213,500	110,000	— 187,500
GRAND TOTAL ... £	7,151,852	6,531,032	7,032,032	+ 501,000	6,740,932	— 291,100

EXPENDITURE.	Accounts, 1872-73.	Budget Estimates, 1873-74.	Regular Estimates, 1873-74.	Regular Estimates, compared with Budget Estimates, 1873-74.	Budget Estimates, 1874-75.	Budget Estimates, 1874-75, compared with Regular Estimates, 1873-74.
	£	£	£	£	£	£
Refunds ...	9,141	3,652	3,735	+ 83	4,373	+ 638
Collection of taxes and cesses ...	...	...	...	...	...	...
Jails ...	599,854	645,516	662,918	+ 17,402	717,219	+ 54,301
Registration ...	112,620	120,695	115,867	— 4,828	127,311	+ 11,444
Police ...	2,115,292	2,119,943	2,074,637	— 45,306	2,112,485	+ 37,848
Education ...	645,542	745,059	694,309	— 50,750	754,795	+ 60,486
Medical ..	380,185	432,978	391,159	— 41,819	389,979	— 1,180
Printing ...	134,586	145,978	158,352	+ 12,374	148,769	— 9,583
Marine ...	6,122	6,428	6,428	...	6,938	+ 510
Minor establishments—						
General management ...	*13,273*	*4,928*	*2,248*	*— 2,680*	*2,314*	*+ 66*
Collection of tolls, rents, &c.	*146*	...	...	...	...	...
Collection of cattle trespass fines ...	...	...	...	...	...	...
Cemeteries ...	*4,209*	*3,553*	*3,225*	*— 328*	*3,924*	*+ 699*
District post ...	*24,088*	*27,729*	*25,178*	*— 2,551*	*24,433*	*— 745*
Miscellaneous establishments	*4,063*	*31,230*	*4,818*	*— 26,412*	*11,831*	*+ 7,013*
	45,779	67,440	35,469	— 31,971	42,502	+ 7,033
Office rent, rates and taxes ...	51,026	58,930	57,506	— 1,424	55,998	— 1,508
Miscellaneous ...	105,471	88,566	117,213	+ 28,647	105,902	— 11,311
Contributions to local funds ...	14,163	29,257	384,257	+ 355,000	24,803	— 359,454
	4,219,781	4,464,442	4,701,850	+ 237,408	4,491,074	— 210,776
Public works ...	1,668,828	1,881,558	1,870,950	— 10,608	1,621,326	— 249,624
			6,572,800			
Deduct probable savings			218,000			
Total expenditure ...	5,888,609	6,346,000	6,354,800	+ 8,800	6,112,400	— 242,400
Debt accounts ...	1,022,211	88,000	66,500	— 21,500	112,000	+ 45,500
Closing balance ..	541,032	97,032	610,732	+ 513,700	516,532	— 94,200
GRAND TOTAL ... £	7,451,852	6,531,032	7,032,032	+ 501,000	6,740,932	— 291,100

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

V.
LOCAL REVENUE AND EXPENDITURE.
Estimates, 1874-75.

REVENUE.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Regular estimates compared with budget estimates, 1873-74.	Budget estimates, 1874-75.	Budget estimates, 1874-75 compared with regular estimates, 1873-74.
	£	£	£	£	£	£
Opening balance ..	1,969,428	2,202,672	2,202,672	...	2,021,672	—181,000
Taxes, rates and cesses—						
On lands ...	1,824,668	1,794,917	1,737,929	—56,988	1,799,236	+61,307
On houses ...	47,846	40,532	40,980	+448	44,950	+3,970
Assessed taxes ...	68,154	22,433	22,527	+94	17,563	—4,964
Miscellaneous taxes—						
Octroi ...	476	8,365	8,964	+599	8,444	—520
Licenses ...	20,519	23,664	24,417	+753	24,694	+277
Miscellaneous ...	8,608	6,150	6,028	—122	7,107	+1,079
	1,970,271	1,896,061	1,840,845	—55,216	1,901,994	+61,149
Departmental receipts—						
Jails ...	24,249	4,600	4,600	...	5,000	+400
Registration ...	1,263	800	800	...	1,000	+200
Police ...	15,913	16,899	14,348	—2,551	18,899	+4,551
Education ...	55,634	20,965	21,192	+227	47,023	+25,831
Medical ..	...	121	120	—1	121	+1
Printing ...	...	870	870	...	820	—50
Marine ...	24,898	13,510	13,510	...	3,365	—10,145
	121,957	57,765	55,440	—2,325	76,228	+20,788
Miscellaneous receipts—						
Tolls ...	366,702	384,780	381,446	—3,334	381,394	—52
Port dues ..	80,063	71,220	71,604	+384	59,380	—12,224
Interest ...	36,352	20,570	20,615	+45	15,354	—5,261
Rents ...	65,668	77,244	80,844	+3,600	72,471	—8,373
Sale of lands, houses, &c.	16,032	4,250	5,272	+1,022	4,225	—1,047
Miscellaneous fees and fines	158,295	152,817	152,409	—408	162,318	+9,909
Voluntary contributions ...	66,310	144,040	269,026	+124,986	119,926	—149,100
Sundry receipts ...	578,892	277,846	295,071	+17,225	148,583	—146,488
	1,368,314	1,132,767	1,276,287	+143,520	963,651	—312,636
Contributions ...	...	201,954	456,954	+255,000	150,018	—306,936
Public works ...	29,240	19,653	15,100	—4,553	63,300	+48,200
Total revenue ...	3,489,782	3,308,200	3,644,626	+336,426	3,155,191	—489,435
Debt accounts ..	32,010	7,800	19,374	+11,574	16,409	—2,965
GRAND TOTAL ... £	5,491,220	5,518,672	5,866,672	+348,000	5,193,272	—673,400

EXPENDITURE.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Regular estimates, compared with budget estimates, 1873-74.	Budget estimates, 1874-75.	Budget estimates, 1874-75, compared with regular estimates, 1873-74.
	£	£	£	£	£	£
Refunds ...	7,276	2,047	4,595	+2,548	5,362	+767
Collection of taxes and cesses. ...	16,010	19,363	17,795	—1,568	16,809	—986
Jails ...	7,328	856	856	...	956	+100
Registration ...	338	740	740	...	517	—223
Police ...	285,323	300,667	292,264	—8,403	317,178	+24,914
Education ...	255,357	282,220	273,519	—8,701	312,344	+38,825
Medical ...	69,788	113,218	110,073	—3,145	127,582	+17,509
Printing ...	1,779	805	955	+150	798	—157
Marine ...	61,214	68,283	68,831	+548	52,262	—16,569
Minor establishments—						
General management ...	*81,518*	*54,016*	*54,074*	*+58*	*59,109*	*+5,035*
Collection of tolls, rents, &c.	*11,663*	*39,327*	*37,350*	*—1,977*	*31,329*	*—6,021*
Collection of cattle trespass fines. ...	*15,168*	*26,899*	*25,237*	*—1,662*	*14,695*	*—10,542*
Cemeteries ..	*189*	...	*190*	*+190*	*100*	*—90*
District post ..	*46,925*	*51,301*	*49,495*	*—1,806*	*51,196*	*+1,701*
Miscellaneous establishments	*442,601*	*427,010*	*434,420*	*+7,410*	*457,363*	*+22,943*
	598,064	598,553	600,766	+2,213	613,792	+13,026
Office rent, rates and taxes. ...	64	72	72	...	93	+21
Miscellaneous ...	243,679	105,510	117,762	+12,252	152,589	+34,827
Contributions ...	275,618	442,954	306,107	—136,847	366,324	+60,217
	1,821,838	1,935,288	1,794,335	—140,953	1,966,606	+172,271
Public works ...	1,436,568	1,806,940	2,125,956	+319,016	1,643,565	—482,391
			3,920,291			
Deduct probable savings...			100,000			
Total expenditure ...	3,258,406	3,742,228	3,820,291	+78,063	3,610,171	—210,120
Debt accounts ...	30,142	6,772	24,709	+17,937	16,929	—7,780
Closing balance ...	2,202,672	1,769,672	2,021,672	+252,000	1,566,172	—455,500
GRAND TOTAL ... £	5,491,220	5,518,672	5,866,672	+348,000	5,193,272	—673,400

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

VI.

MUNICIPAL INCOME AND EXPENDITURE THROUGH GOVERNMENT TREASURIES.

Estimates, 1874-75.

INCOME.

INCOME	Ajmere, Coorg, Indore, &c.	Oudh.	Central Provinces.	British Burma.	Bengal.	North-West Provinces.	Punjab.	Madras.	Bombay.	Total.
	£	£	£	£	£	£	£	£		£
Opening balance ...	2,260	563	1,720	22,517	17,691	27,170	59,329	11,149	No Municipal Funds on Government Books.	142,399
Taxes, rates and cesses—										
On lands	...	...	81	.	...	...	.	...		81
On houses	100	800	1,127	385	83,140	3,500	2,934	29,996		121,982
Assessed taxes	270	...	. .	17,795	540		...	525		19,130
Miscellaneous Taxes—										
Octroi	4,200	38,000	40,897	...	...	136,400	163,513	...		383,010
Licenses	...	300	...	10,074	2,060	9,900	3,165	6,165		31,664
Miscellaneous	...	1,200	1,006	...	...	1,050	...	...		3,256
	4,570	40,300	43,111	28,254	85,740	150,850	169,612	36,686		559,123
Miscellaneous receipts—										
Tolls	...	400	2	1,527	9,560	2,050	...	31,604		45,143
Interest	...	100	...	...	..	600	...	...		700
Rents	43	3,200	1,087	16,509	3,330	14,600	3,483	..		42,252
Sale of lands, houses, &c.	...	...	..	264	...	200	155			619
Miscellaneous fees and fines	144	500	508	4,667	3,230	3,550	2,288	4,058		18,945
Voluntary contributions	...	...	271	...		130	...	1,961		2,362
Sundry receipts	348	4,800	948	4,798	3,840	8,120	7,709	14,723		45,286
	535	9,000	2,816	27,765	19,960	29,250	13,635	52,346		155,307
Contributions	...	...	...	...	...	...	984	5,986		6,970
Public works	...	...	...	...	...	...		...		
Total income	5,105	49,300	45,927	56,019	105,700	180,100	184,231	95,018		721,400
Debt accounts	...	...	...	1,600	...	...	...	...		1,600
GRAND TOTAL ... £	7,365	49,863	47,647	80,136	123,391	207,270	243,560	106,167		865,399

EXPENDITURE.

EXPENDITURE.	Ajmere, Coorg, Indore, &c.	Oudh.	Central Provinces.	British Burma.	Bengal.	North-West Provinces.	Punjab	Madras.	Bombay.	Total.
	£	£	£	£	£	£	£	£		£
Refunds	...	...	...	...	...	2,450	...	...	No Municipal Funds on Governme t Books.	2,450
Collection of taxes and cesses ...	...	5,700	...	487	...	17,900	6,138	...		30,225
Police	1,015	12,600	8,064	12,776	37,810	40,900	44,378	...		157,543
Education	117	430	1,936	...	970	5,950	7,399	6,909		23,711
Medical	134	500	1,724	580	2,400	6,350	10,180	13,067		34,935
Minor establishments—										
General management	*500*	*700*	*3,396*	*4,984*	*13,450*	*3,600*	*6,809*	...		*33,439*
Collection of tolls, rents, &c. ...	...	...	...	...	...	*350*	...	...		*350*
Collection of cattle trespass fines ...	...	...	...	...	...	*650*	...	...		*650*
Miscellaneous establishments ...	*1,452*	*8,500*	*12,195*	*12,208*	*12,710*	*36,850*	*33,828*	*37,199*		*154,942*
	1,952	9,200	15,591	17,192	26,160	41,450	40,637	37,199		189,381
Miscellaneous	369	3,000	6,657	2,048	4,500	9,930	2,376	13,430		42,310
	3,587	31,430	33,972	33,083	71,840	124,930	111,108	70,605		480,555
Public works	4,372	18,360	15,438	30,267	34,160	63,470	92,015	35,909		293,991
Total expenditure ...	7,959	49,790	49,410	63,350	106,000	188,400	203,123	106,514		774,546
Debt accounts	...	...	...	...	..	.	6,454	...		6,454
Closing balance .	—594	73	—1,763	16,786	17,391	18,870	33,983	—347		84,399
GRAND TOTAL ... £	7,365	49,863	47,647	80,136	123,391	207,270	243,560	106,167		865,399

FORT WILLIAM;
FINANCIAL DEPARTMENT,
The 23rd April 1874.

EDWARD GAY, *Deputy Comptroller General.*

E. F. HARRISON, *Comptroller General.*

R. B. CHAPMAN, *Secy. to the Govt. of India.*

VII.

ACCOUNT OF MONEY RAISED ON LOAN, AND OF EXTRAORDINARY EXPENDITURE AND LOANS TO CORPORATIONS, FROM 1869-70 TO THE CLOSE OF 1872-73.

	£	£	£
Loans raised—			
England—			
Proceeds of 4 per cent. stock	7,876,674		
Deduct—			
Debt paid off	506,300		
		7,370,374	
India—			
Proceeds of 4 per cent. stock ...	6,797,139		
Loan from the Maharaja Holkar for Indore state railway	560,000		
	7,357,139		
Deduct—			
Debt paid off	3,854,962		
		3,502,177	
			10,872,551
Extraordinary receipts—Loans recovered—			
Port Canning municipality	...	22,500	
East Coast canal, Madras	6,498		
Ootacamund municipality	849		
		7,347	
Bombay special fund	28,150		
Bombay municipality	84,642		
Bombay port trust	82,788		
Elphinstone land and press Co.	130,000		
Pandharpur municipality	4,069		
Sholapur municipality	1,000		
		330,649	
Kumaon municipality	...	400	
Simla municipality	...	903	
			361,799
			11,234,350

	£	£	£
Extraordinary expenditure—			
Irrigation works { India	3,381,919		
Irrigation works { England	1,098,654		
		4,480,573	
State railways ... { India	2,122,576		
State railways ... { England	575,901		
		2,698,477	
Bombay special fund	...	401,383	
			7,580,433
Loans—			
To Calcutta municipality	665,757		
Calcutta port fund	176,500		
Calcutta port trust	172,124		
Burdwan municipality and Dancoonee drainage	10,377		
		1,024,758	
Madras municipality	126,000		
East Coast canal, Madras	6,498		
Ootacamund municipality	2,000		
Chitrapur local fund board	2,500		
		136,998	
Bombay municipality	320,000		
Bombay port trust fund	2,139,155		
Elphinstone land and press Co. ...	30,000		
Pandharpur municipality	7,617		
Sholapur ditto	1,000		
		2,497,772	
Cawnpore ditto	...	10,000	
Amritsar ditto	19,000		
Simla ditto	5,620		
		24,620	
Nagpore ditto	...	5,600	
			3,699,748
			11,280,181
Disbursements in excess of receipts ...	...	...	45,881
			11,234,350

CALCUTTA;
COMPTROLLER GENERAL'S OFFICE,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

F. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

VI

RECEIPTS AND DISBURSEMENTS AT THE TREASURIES OF

RECEIPTS.	Accounts, 1872-73.	Budget estimates, 1873-74.	Regular estimates, 1873-74.	Increase.	Decrease.	Budget estimates, 1874-75.	Estimates, 1874-75, compared with Regular estimates, 1873-74.
	£	£	£	£	£	£	£
I.—Opening balance ...	24,818,807	22,138,852	21,786,138	...	352,714	16,143,838	— 5,642,300
II.—Imperial revenue ...	50,220,360	48,286,000	49,476,000	1,190,000	...	48,984,000	— 492,000
III.—Traffic earnings of guaranteed railways	6,889,281	7,145,500	7,290,000	144,500	...	7,387,000	+ 97,000
IV.—Provincial revenue ...	7,082,225	5,990,000	6,491,000	501,000	...	6,130,200	— 360,800
V.—Local revenue ...	3,521,792	3,316,000	3,664,000	348,000	...	3,171,600	— 492,400
VI.—Municipal income ...	784,558	721,000	765,000	44,000	...	723,000	— 42,000
VII.—Service funds, civil ...	925,109	1,000,600	869,600	...	131,000	479,500	— 390,100
VIII.—Service funds, military	2,655	3,900	4,900	1,000	...	3,500	— 1,400
IX.—Loans to native states corporations and individuals repaid ...	178,969	75,800	114,500	38,700	...	110,000	— 4,500
X.—Savings banks deposits	898,994	893,200	1,209,000	315,800	...	900,000	— 309,000
XI.—Other deposits received & advances recovered	11,928,761	8,255,000	9,408,800	1,153,800	...	8,500,000	— 908,800
XII.—Local remittances ...	927,078	295,000	125,800	...	169,200	280,000	+ 154,200
XIII.—Inter-provincial and inter-departmental transactions ...	19,056,585	20,620,000	18,638,000	...	1,982,000	17,376,000	— 1,262,000
XIV.—Remittance account with the home treasury ...	1,312,822	1,360,300	1,499,000	138,700	...	1,082,600	— 416,400
XV.—Secretary of state's bills on India sold...	14,342,136	13,500,000	13,286,000	...	214,000	10,000,000	— 3,286,000
XVI.—Sundry obligations incurred ...	610,276	573,200	506,500	...	66,700	533,000	+26,500
XVII.—Public debt incurred...	943,480	1,100,200	2,017,800	917,600	..	9,138,400	+ 7,120,600
XVIII.—Guaranteed railway capital received ...	3,452,378	2,859,675	2,872,500	12,825		2,153,200	— 719,300
TOTAL ...	147,896,266	138,134,227	140,024,538	4,805,925	2,915,614	133,095,838	— 6,928,700

Abstract of the above shewing how the

ACCOUNTS, 1872-73.				REGULAR ESTI	
	£		£		£
Cash balance reduced ...	3,032,669	Deficit of imperial revenue ...	420,692	Cash balance reduced ...	5,642,300
Provincial, local and municipal revenue ...	426,371	Service funds, military ...	253,878	Service funds, civil ...	115,700
Service funds, civil ...	210,844	Loans to native states, corporations and individuals ...	259,867	Savings banks deposits ...	409,000
Savings banks deposits ...	241,412	Deposits, and advances recoverable, &c. ...	506,575	Deposits received and advances recovered ...	278,400
Sundry obligations ...	277,582	Remittances ...	758,523	Sundry obligations ...	230,000
		Public debt paid off ...	1,488,481	Guaranteed railway capital received ...	132,600
		Guaranteed railway capital withdrawn ...	500,862		
TOTAL ...	4,188,878	TOTAL ...	4,188,878	TOTAL ...	6,808,000

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General

II.
THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

DISBURSEMENTS.	Accounts, 1872-73.	Budget Estimates, 1873-74.	Regular Estimates, 1873-74.	Increase.	Decrease.	Budget Estimates, 1874-75.	Estimates, 1874-75, compared with Regular Estimates, 1873-74.
	£	£	£	£	£	£	£
1.—Imperial expenditure ...	50,641,052	51,944,000	55,118,300	3,174,300	...	54,935,000	— 183,300
2.—Working expenses of guaranteed railways ...	4,341,381	4,245,500	4,190,000	...	55,500	4,085,000	— 105,000
3.—Interest on guaranteed railway capital supplied from surplus earnings...	2,547,900	2,900,000	3,100,000	200,000	...	3,302,000	+ 202,000
4.—Provincial expenditure ...	6,910,820	6,434,000	6,421,300	...	12,700	6,224,400	— 196,900
5.—Local expenditure ...	3,288,548	3,749,000	3,845,000	96,000	...	3,627,100	— 217,900
6.—Municipal expenditure ...	762,836	782,000	786,000	4,000	...	781,000	— 5,000
7.—Service funds, civil ...	714,265	892,700	753,900	...	138,800	379,700	— 374,200
8.—Service funds, military ...	256,533	358,300	366,800	8,500	...	361,800	— 5,000
9.—Loans advanced to native states corporations and individuals ...	438,836	178,000	653,800	475,800	...	610,000	— 43,800
10.—Savings banks deposits withdrawn ...	657,582	666,500	800,000	133,500	...	900,000	+ 100,000
11.—Other deposits repaid and advances made ...	12,435,336	9,147,800	9,130,400	...	17,400	8,080,000	— 1,050,400
12.—Local remittances ...	641,761	260,000	227,300	...	32,700	280,000	+ 52,700
13.—Inter-provincial and inter-departmental transactions ...	19,746,908	20,820,000	18,638,000	...	2,182,000	17,376,000	— 1,262,000
14.—Remittance account with the home treasury ...	1,291,571	1,306,600	1,481,400	174,800	...	1,082,600	— 398,800
15.—Secretary of state's bills on India paid ...	14,716,904	13,500,000	13,280,700	...	219,300	10,000,000	— 3,280,700
16.—Sundry obligations discharged ...	332,694	278,900	276,500	...	2,400	269,600	— 6,900
17.—Public debt discharged ...	2,431,961	833,900	2,071,400	1,237,500	...	638,400	— 1,433,000
18.—Guaranteed railway capital withdrawn ...	3,953,240	2,772,459	2,739,900	...	32,559	3,621,900	+ 882,000
19.—Closing balance ...	21,786,138	17,064,568	16,143,838	...	920,730	16,541,338	+ 397,500
TOTAL ...	147,896,266	138,134,227	140,024,538	5,504,400	3,614,089	133,095,838	— 6,928,700

ways and means are provided.

MATES, 1873-74.

	£
Deficit of imperial revenue ...	5,642,300
Deficit of provincial, local and municipal revenue	182,300
Service funds, military ...	361,900
Loans to native states, corporations and individuals	539,300
Remittances	78,600
Public debt paid off ...	53,600
TOTAL ...	6,808,000

BUDGET ESTIMATES, 1874-75.

	£
Service funds, civil ...	99,800
Deposits received and advances recovered ...	420,000
Sundry obligations ...	263,400
Public debt incurred ...	8,500,000
TOTAL ...	9,283,200

	£
Cash balance increased ...	397,500
Deficit of imperial revenue ...	5,951,000
Deficit of provincial, local and municipal revenue ...	607,700
Service funds, military ...	358,300
Loans to native states, corporations and individuals	500,000
Guaranteed railway capital withdrawn ...	1,468,700
TOTAL ...	9,283,200

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secretary to the Govt. of India.

I

RECEIPTS AND DISBURSEMENTS AT THE INDIAN

RECEIPTS	Accounts, 1872-73.	Budget estimates, 1873-74	Regular estimates, 1873-74	Increase	Decrease.	Budget estimates, 1874-75.	Estimates, 1874-75, compared with regular estimates, 1873-74
	£	£	£	£	£	£	£
I.—Opening balance ..	21,997,715	19,300,000	18,787,693	..	512,307	14,123,693	— 4,664,000
II.—Imperial revenue ...	49,998,254	48,138,800	49,243,900	1,105,100	...	48,816,900	— 427,000
III.—Traffic earnings of guaranteed railways	6,889,281	7,145,500	7,290,000	144,500	...	7,387,000	+ 97,000
IV.—Provincial revenue ..	7,082,225	5,990,000	6,491,000	501,000	...	6,130,200	— 360,800
V.—Local revenue ...	3,521,792	3,316,000	3,664,000	348,000	...	3,171,600	— 492,400
VI.—Municipal income ...	784,558	721,000	765,000	44,000	...	723,000	— 42,000
VII.—Service funds, civil ...	925,109	1,000,600	869,600	...	131,000	479,500	— 390,100
VIII.—Service funds, military	2,655	3,900	4,900	1,000	...	3,500	— 1,400
IX.—Loans to native states corporations and individuals re-paid ...	178,969	75,800	114,500	38,700	...	110,000	— 4,500
X.—Savings banks deposits	898,994	893,200	1,209,000	315,800	...	900,000	— 309,000
XI.—Other deposits received & advances recovered	11,927,224	8,252,000	9,402,800	1,150,800	...	8,497,000	— 905,800
XII.—Local remittances ...	927,078	295,000	125,800	...	169,200	280,000	+ 154,200
XIII.—Inter-provincial and inter-departmental transactions ...	19,056,585	20,620,000	18,638,000	...	1,982,000	17,376,000	— 1,262,000
XIV.—Remittance account with the home treasury ...	1,103,415	1,230,300	1,257,100	26,800	...	1,019,600	— 237,500
XV.—Secretary of state's bills on India sold ...	...	...	...	...	...	...	...
XVI.—Sundry obligations incurred ...	610,276	573,200	506,500	...	66,700	533,000	+ 26,500
XVII.—Public debt incurred	943,480	1,100,200	992,800	...	107,400	4,138,400	+ 3,145,600
XVIII.—Guaranteed railway capital received ..	2,514,021	1,339,200	1,425,400	86,200	...	1,319,600	— 105,800
TOTAL .	129,361,631	119,994,700	120,787,993	3,761,900	2,968,607	115,008,993	— 5,779,000

Abstract of the above showing how the

ACCOUNTS, 1872-73.				REGULAR EST	
	£		£		£
Cash balance reduced ...	3,210,022	Service funds, military ...	253,878	Cash balance reduced ...	4,664,900
Imperial revenue ...	9,912,020	Loans to native states corporations and individuals	259,867	Imperial revenue ...	4,564,000
Guaranteed railways traffic earnings ...	2,508,748	Deposits and advances recoverable ...	503,516	Guaranteed railways traffic earnings ...	3,064,000
Surplus of provincial, local and municipal revenue ...	426,37[illegible]	Secretary of state's bills paid	14,716,904	Service funds. civil ...	115,700
Service funds, civil ...	210,844	Public Debt paid off ...	1,488,481	Savings banks deposits ...	40[illegible]000
Savings banks deposits ...	241,412			Deposits received and advances recovered ...	276,400
Remittances ...	407,887			Sundry obligations ...	239,000
Sundry obligations ...	277,582			Remittances ...	989,000
Guaranteed railway capital received	27,760			Guaranteed railway capital received ...	60,700
TOTAL ...	17,222,646	TOTAL ...	17,222,646	TOTAL ..	14,372,800

Fort William;
FINANCIAL DEPARTMENT,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

X.

TREASURIES OF THE GOVERNMENT OF INDIA.

DISBURSEMENTS.	ACCOUNTS, 1872-73.	BUDGET ESTIMATES, 1873-74.	REGULAR ESTIMATES, 1873-74.	INCREASE.	DECREASE.	BUDGET ESTIMATES, 1874-75.	ESTIMATES, 1874-75, COMPARED WITH REGULAR ESTIMATES, 1873-74
	£	£	£	£	£	£	£
1.—IMPERIAL EXPENDITURE ...	40,086,234	41,230,800	44,679,900	3,449,100	...	44,198,500	— 481,400
2.—WORKING EXPENSES OF GUARANTEED RAILWAYS ..	4,341,381	4,245,500	4,190,000	...	55,500	4,085,000	— 105,000
3.—INTEREST ON GUARANTEED RAILWAY CAPITAL SUPPLIED FROM SURPLUS EARNINGS ...	39,152	38,000	36,000	...	2,000	36,000	..
4.—PROVINCIAL EXPENDITURE ...	6,910,820	6,434,000	6,421,300	...	12,700	6,224,400	— 196,900
5.—LOCAL EXPENDITURE ...	3,288,548	3,749,000	3,845,000	96,000	...	3,627,100	— 217,900
6.—MUNICIPAL EXPENDITURE ...	762,836	782,000	786,000	4,000	...	781,000	— 5,000
7.—SERVICE FUNDS, CIVIL ...	714,265	892,700	753,900	...	138,800	379,700	— 374,200
8.—SERVICE FUNDS, MILITARY ...	256,533	358,300	366,800	8,500	...	361,800	— 5,000
9.—LOANS ADVANCED TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS ...	438,836	178,000	653,800	475,800	...	610,000	— 43,800
10.—SAVINGS BANKS DEPOSITS WITHDRAWN ...	657,582	666,500	800,000	133,500	..	900,000	+ 100,000
11.—OTHER DEPOSITS REPAID AND ADVANCES MADE ...	12,430,740	9,144,800	9,126,400	...	18,400	8,077,000	— 1,049,400
12.—LOCAL REMITTANCES ...	641,761	260,000	227,300	...	32,700	280,000	+ 52,700
13.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	19,746,908	20,820,000	18,638,000	...	2,182,000	17,376,000	— 1,262,000
14.—REMITTANCE ACCOUNT WITH THE HOME TREASURY ...	290,522	163,900	166,600	2,700	..	139,400	— 27,200
15.—SECRETARY OF STATE'S BILLS ON INDIA PAID ...	14,716,904	13,500,000	13,280,700	...	219,300	10,000,000	— 3,280,700
16.—SUNDRY OBLIGATIONS DISCHARGED ...	332,694	278,900	276,500	...	2,400	269,600	— 6,900
17.—PUBLIC DEBT DISCHARGED ...	2,431,961	833,900	1,051,400	217,500	...	638,400	— 413,000
18.—GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	2,486,261	1,618,400	1,364,700	...	253,700	1,752,500	+ 387,800
19.—CLOSING BALANCE ...	18,787,693	14,800,000	14,123,693	...	676,307	15,272,593	+ 1,148,900
TOTAL ...	129,364,631	119,994,700	120,787,993	4,387,100	3,593,807	115,008,993	— 5,779,000

ways and means are provided

MATES, 1873-74.	£
DEFICIT OF PROVINCIAL, LOCAL AND MUNICIPAL REVENUE ..	132,300
SERVICE FUNDS, MILITARY ...	361,900
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	539,300
SECRETARY OF STATE'S BILLS PAID ...	13,280,700
PUBLIC DEBT PAID OFF ...	58,600
TOTAL ...	14,372,800

BUDGET ESTIMATES, 1874-75.	£		£
IMPERIAL REVENUE ...	4,618,400	CASH BALANCE INCREASED ...	1,148,900
GUARANTEED RAILWAYS TRAFFIC EARNINGS ...	3,266,000	DEFICIT OF PROVINCIAL, LOCAL AND MUNICIPAL REVENUE	607,700
SERVICE FUNDS, CIVIL ...	99,800	SERVICE FUNDS, MILITARY .	358,300
DEPOSITS RECEIVED AND ADVANCES RECOVERED ...	420,000	LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	500,000
REMITTANCES ...	880,200	SECRETARY OF STATE'S BILLS PAID ...	10,000,000
SUNDRY OBLIGATIONS ...	263,400	GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	432,900
PUBLIC DEBT INCURRED ...	3,500,000		
TOTAL ...	13,047,800	TOTAL	13,047,800

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secretary to the Govt. of India.

X.

RECEIPTS AND DISBURSEMENTS AT THE TREA

RECEIPTS	Accounts, 1872-73	Budget estimates, 1873-74	Regular estimates, 1873-74	Increase	Decrease.	Budget estimates, 1874-75	Estimates, 1874-75, compared with regular estimates, 1873-74
	£	£	£	£	£	£	£
I.—Opening balance	2,821,092	2,838,852	2,998,445	159,593	...	2,020,145	— 978,300
II.—Imperial revenue ...	222,106	147,200	232,100	84,900	...	167,100	— 65,000
III.—Traffic earnings of guaranteed railways	...	...	...	...	...	...	...
IV.—Provincial revenue ...	...	...	...	...	...	...	...
V.—Local revenue ...	...	...	...	...	...	...	...
VI.—Municipal income	...	...	...	...	...	...	...
VII.—Service funds, civil ...	...	...	...	...	...	...	...
VIII.—Service funds, military	...	...	...	...	...	...	...
IX.—Loans to native states, corporations and individuals repaid ...	...	...	...	...	...	...	...
X.—Savings banks deposits	...	...	...	...	...	...	...
XI.—Other deposits received and advances recovered ...	1,537	3,000	6,000	3,000	...	3,000	— 3,000
XII.—Local remittances ...	...	...	...	...	...	...	...
XIII.—Inter-provincial and inter-departmental transactions ...	...	...	...	...	...	...	...
XIV.—Remittance account with the home treasury	209,407	130,000	241,900	111,900	...	63,000	— 178,900
XV.—Secretary of state's bills on India sold..	14,342,136	13,500,000	13,286,000	...	214,000	10,000,000	— 3,286,000
XVI.—Sundry obligations incurred ...	...	...	...	...	...	...	...
XVII.—Public debt incurred	...	...	1,025,000	1,025,000	...	5,000,000	+ 3,975,000
XVIII.—Guaranteed railway capital received ..	938,357	1,520,475	1,447,100	...	73,375	833,600	— 613,500
TOTAL ...	18,534,635	18,139,527	19,236,545	1,384,393	287,375	18,086,845	— 1,149,700

Abstract of the above showing how the

ACCOUNTS, 1872-73.				REGULAR ESTI	
	£		£		£
Secretary of state's bills sold ...	14,342,136	Cash balance increased ...	177,353	Cash balance reduced ...	978,300
		Excess of imperial expenditure over revenue ...	10,332,712	Deposits received and advances recovered .	2,000
		Interest on guaranteed railway capital ...	2,508,748	Secretary of state's bills sold .	13,286,000
		Deposits repaid and advances recoverable ...	3,059	Public debt incurred ...	5,000
		Remittances ...	791,642	Guaranteed railway capital received ...	71,900
		Guaranteed railway capital withdrawn ...	528,622		
TOTAL ...	14,342,136	TOTAL .	14,342,136	TOTAL ...	14,343,200

Fort William;
Financial Department,
The 23rd April 1874.

EDWARD GAY,
Deputy Comptroller General.

SURY OF THE GOVERNMENT OF INDIA IN ENGLAND.

DISBURSEMENTS.	Accounts, 1872-73.	Budget Estimates, 1873-74	Regular Estimates, 1873-74.	Increase.	Decrease.	Budget Estimates, 1874-75.	Estimates, 1874-75, compared with Regular Estimates, 1873-74.
	£	£	£	£	£	£	£
1.—Imperial expenditure ...	10,554,818	10,713,200	10,438,400	...	274,800	10,736,500	+ 298,100
2.—Working expenses of guaranteed railways ...	...	...	...	...	...	...	...
3.—Interest on guaranteed railway capital supplied from surplus earnings	2,508,748	2,862,000	3,064,000	202,000	...	3,266,000	+ 202,000
4.—Provincial expenditure ...	...	...	...	...	...	...	...
5.—Local expenditure ...	...	...	...	...	...	...	...
6.—Municipal expenditure ...	...	...	...	...	...	...	...
7.—Service funds, civil ...	...	...	...	...	...	...	...
8.—Service funds, military ...	...	...	...	...	...	...	...
9.—Loans advanced to native states, corporations and individuals ...	...	...	...	...	...	...	...
10.—Savings banks deposits withdrawn ...	...	...	...	...	...	...	...
11.—Other deposits repaid and advances made ...	4,596	3,000	4,000	1,000	...	3,000	— 1,000
12.—Local remittances ...	...	...	...	...	...	...	...
13.—Inter-provincial and inter-departmental transactions ...	...	...	...	...	...	...	...
14.—Remittance account with the home treasury ...	1,001,049	1,142,700	1,314,800	172,100	...	943,200	— 371,600
15.—Secretary of state's bills on India paid ..	...	...	...	...	...	...	...
16.—Sundry obligations discharged ...	...	...	...	...	...	...	...
17.—Public debt discharged ..	...	...	1,020,000	1,020,000	...	...	— 1,020,000
18.—Guaranteed railway capital withdrawn ...	1,466,979	1,154,059	1,375,200	221,141	...	1,869,400	+ 494,200
19.—Closing balance ...	2,998,445	2,264,568	2,020,145	...	244,423	1,268,745	— 751,400
TOTAL ...	18,534,635	18,139,527	19,236,545	1,616,241	519,223	18,086,845	— 1,149,700

ways and means are provided.

MATES, 1873-74.

	£
Excess of imperial expenditure over revenue ...	10,206,300
Interest on guaranteed railway capital ...	3,064,000
Remittances ...	1,072,900
TOTAL ...	14,343,200

BUDGET ESTIMATES, 1874-75.

	£
Cash balance reduced ...	751,400
Secretary of state's bills sold ...	10,000,000
Public debt incurred ...	5,000,000
TOTAL ...	15,751,400

	£
Excess of imperial expenditure over revenue ...	10,569,400
Interest on guaranteed railway capital ...	3,266,000
Remittances ..	880,200
Guaranteed railway capital withdrawn ...	1,035,800
TOTAL ...	15,751,400

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secretary to the Govt. of India.

O. S. G. P.—No. 101 C. F.—15-5-74.—225.

FINANCIAL STATEMENT FOR 1875-76,

WITH REVIEW OF THE BUDGETS OF 1873-74 AND 1874-75.

FORT WILLIAM, THE 13TH MARCH 1875.

STATEMENT BY THE HON'BLE SIR WILLIAM MUIR, K.C.S.I.

The budget of Imperial revenue for 1875-76 is herewith published, together with the Regular Estimate for 1874-75, and the Accounts as finally adjusted for 1873-74.

ADJUSTED ACCOUNTS OF 1873-74.—The adjusted accounts of 1873-74 may be explained in few words. The results are most satisfactory. Accounts of 1873-74.

The Regular Estimate, published with the Financial Statement of last year, shewed the total revenue to the 31st March 1874 as likely to be £49,476,000; the actual amount was better than that by £135,711. The expenditure was estimated at £47,657,300; it turned out less by £117,525. Putting both together,—that is, the saving of expenditure and the excess of income,—we have an improvement in the adjusted accounts over the Revised Estimate of not less than £253,236. In other words, a surplus was anticipated of £1,818,700: a surplus was actually realized of £2,071,936. It may be noted that the surplus originally estimated for this year by Sir Richard Temple in 1873, was only £220,000. About £939,000 of the difference is attributable to opium.

The above figures shew the ordinary income and charges of 1873-74, exclusive of the relief operations in Bengal, and also of the disbursements on extraordinary public works. These, added to the ordinary charges, affect the results of the year in the following way:—

		Receipts.	Expenditure.	Surplus	Deficit.
Ordinary revenue and charges of 1873-74 ...	Regular Estimate ..	49,476,000	47,657,300	1,818,700	.....
	Actual account ...	49,611,711	47,539,775	2,071,936	
The same, adding famine charges—Actual account ..		49,611,711	51,404,448	.....	1,792,737
The same, adding both famine and extraordinary public works	Actual account ..	49,611,711	54,957,755	.....	5,346,044

Thus, the famine charges incurred in 1873-74 turned a surplus of £2,071,936 into a deficit of £1,792,737; and the additional charge for Reproductive works raised the excess charge to £5,346,044.

Accounts of 1873-74.

The details in which the actual accounts of 1873-74 vary from the Regular Estimate, will be found of no particular import. The excess of receipts for the Army, £49,124, is attributed mainly to large supplies of tents and stores furnished for the Bengal famine, for the Yarkund mission, and for other purposes. The increase of £71,600 in expenditure under "allowances and assignments," is chiefly due to an adjustment of payments made for several years in India on account of Maharajah Duleep Singh. The remaining items are distributed over most of the budget heads, and are comparatively small

Regular Estimate, 1874-75.

REGULAR ESTIMATE OF 1874-75.—We now pass on to the Revised Estimate for the year about to close, and shall compare it with the original budget as presented last year. The Revised Estimate is based on the actual receipts and disbursements of the year up to as late a period as they can be ascertained. We have the actual treasury accounts of Receipts and Disbursements for nine and generally for ten months, that is, to the end of December or January, and in some cases to the end of February, and by telegraph quite up to the present date. Thus, but a short interval remains to complete the year, and the Regular Estimate may, therefore, be trusted as giving by anticipation a very close approximation to the real history of the year; that is, it may be trusted to shew in what measure the expected income will be realized, how the various departments have observed the budget limitations imposed on their expenditure, and to what extent disturbing causes will affect the general financial result. The test as now to be applied, will shew the prospects of the present year to be highly favorable.

The general conclusions are these: The income of 1874-75 was put in the budget at £48,984,000; it will be better (mainly owing to opium) by above a million sterling, £1,086,000.

The charges (excluding famine) were estimated at £47,792,000; they will be more than that by £389,000.

Consequently, the balance will be better by £697,000 than was expected. In other words, the surplus, instead of being, as in the budget, £1,192,000, will in reality be £1,889,000.

These are the figures as they would have stood but for the famine charges and the expenditure on Reproductive works: adding these as corrected in the Revised Estimates, the results, with the corresponding surplus and deficit, will be as follows:—

		Receipts.	Charges.	Surplus.	Deficit.
Ordinary revenue and charges ..	By Budget ...	48,984,000	47,792,000	1,192,000	...
	By Regular Estimate ...	50,070,000	48,181,000	1,889,000	.....
The same, adding famine expenditure ...	Regular Estimate ...	50,070,000	50,623,000	...	553,000
The same, adding both famine and extraordinary expenditure for public works ...	Regular Estimate ...	50,070,000	54,658,000	...	4,588,000

We shall now advert to the main differences between the budget and the Revised Estimate.

And first there is the main disturbing cause of Opium, which brought in a gross revenue greater by £905,000 than was estimated.

DECREASE AS COMPARED WITH BUDGET ESTIMATE.

Putting Opium out of account, the gains and losses on the receipt side nearly balance one another. On the one hand, there is a serious deficit of above £300,000 under Land Revenue; about half of this is only temporarily suspended in consequence of the famine in Bengal, and a further sum arises from the same cause in the North-Western Provinces; the remainder is due to the unusual floods which devastated parts of Bombay and Madras. A failure of

£96,000 under Customs is ascribed to the rice exports from Burmah being in the present season very late. The decrease of £12,000 under Law and Justice is simply a transfer of revenue to Stamps.

Regular Estimates, 1874 75 *Revenue*

IMPROVEMENT IN RECEIPTS AS COMPARED WITH BUDGET ESTIMATE

	£
Tributes	13,000
Excise	49,000
Salt	109,000
Stamps ..	71,000
Mint ..	9,000
Post Office	18,000
Telegraph	27,000
Marine	81,000
Interest ...	75,000
Superannuation receipts ...	15,000
Gain by exchange .	48,000
Miscellaneous .	30,000
Army	49,000
State Railways	26,000

On the other hand, there is improvement under most of the heads of income, as noted in the margin, and the following comments will explain them:—

Tributes.—Certain arrears have been unexpectedly realised.

Excise.—The improvement has been general, excepting in Bengal, where the scarcity and high prices caused a falling off, and in Madras and Bombay, where this branch of the revenue inclines to be stationary.

Salt.—Here the increase amounts to £109,000, which, coupled with a decrease in expenditure of £11,000, gives us an aggregate improvement of £120,000. This advance is the more satisfactory as it has been accompanied by a large administrative reform. The whole preventive line from the Taptee near Boorhanpore and skirting Berar eastward to the Muhanuddee has been swept away, as well as the small line between Madras and Bengal. A great tract of country has thus been freed from the harassing interference and vexation inseparable from such a barrier; and salt has been cheapened in several provinces. From this measure it was expected that we might lose perhaps £100,000; the actual net loss will probably not exceed £40,000. A portion of it is recouped at Bombay and on the Great Indian Peninsular Railway, in the shape of a sliding duty adjusted according to distance and cost of carriage, so as by degrees to break the difference of duty (Rs. 1-13 per maund) levied at Bombay, and that levied at Jubbulpore on the North-West line (Rs. 3).

Two points may here be noticed: *first*, the loss has been more than made good by progress in the general salt revenue of Bengal, the North-Western Provinces, and the Punjab, so that the gross salt revenue of the present year, £6,188,000, will be actually better than in 1873-74 by £37,338; *second*, the reduction has gone, not (as is too often the case) into the pockets of the trade, but to the people who consume the salt, in a lowering of the price. In Berar the fall of duty is close upon one rupee; east of the Berars there is a reduction of 8 annas; and along the valley of the Nerbudda, an average fall of about 5 or 6 annas. A similar sliding duty has been introduced between Madras and Orissa, and is believed to answer well. It is also satisfactory to find that local manufacture is increasing, as has been mentioned by the Lieutenant-Governor of Bengal in the Administration Report for 1873-74—

"During his recent visit to Orissa, Sir R Temple found a marked tendency to increase as regards the local manufacture, both in Pooree and Balasore; so much so that the time may not be distant when the local revenue under the new system may equal that under the old."—p 175.

A slow but sure progress is observable in the salt revenue, which in 1873-74 brought in £6,150,662; and for 1875-76 is estimated at £6,208,000. The duty on salt is held to be for this country one of the most legitimate and least obnoxious taxes, notwithstanding the evils admittedly inherent in the great customs barrier. The progress of Railways, and especially of the state lines, is daily cheapening the price of salt in those parts of the country most distant from the sources of supply, and where consequently the cost is highest. Moreover, there is reason to hope that by an arrangement with the States of Central India it may be possible at some future time to abolish the entire preventive line. If this be done, and an approximation made to equalizing the duty all over India, we shall have a source of revenue, not only unobjectionable in its nature, but also possessing the virtue of elasticity, since the rate would be capable of from time to time being raised or lowered according to the financial necessities of the day. The prospect of attaining this result may yet be some way off, but it will be steadily kept in view by the Government of India.

Regular Estimates, 1874-75. *Revenue.*

Stamps.—The improvement here amounts to £71,000. Against it may be set the decrease under Law and Justice of £12,000, showing a net gain of £59,000. The increase, mainly due to Bengal but also more or less general, is symptomatic of growth in this branch of the revenue.

Mint.—The difference, £9,000, is due to a larger importation of silver than was expected.

Post Office.—The improvement, £18,000, taken in connection with £9,000, decrease of charge, or £27,000 in all, may safely be ascribed to increased efficiency.

Telegraph.—The increase of £27,000 (to which if we add a decreased charge of £15,000, there will be a gross improvement of £42,000) is ascribed partly to an unexpected recovery from the Ottoman Government, and also to growth in traffic.

Marine.—£81,000, arises from the sale by the Secretary of State of stock acquired in past years from the Indus Flotilla Company.

Interest.—£75,000, due to improved receipts at Home.

Receipts for Superannuation Allowances.—£15,000, due to increased transfers from the balances at credit of the Military and Medical Funds.

Gain by exchange.—Increase of £48,000; this is due to the scarcity in Bengal having caused an excess of traffic receipts, on the guaranteed Railways, and to the consequent gain in account. There is also a special adjustment of about £16,000 owing to the retrospective application of the rate of 1*s.* 11*d.* in place of 1*s.* 10*d.* to the accounts of the Great Southern of India line.

Miscellaneous.—The excess of £30,000 is caused by certain unexpected adjustments in account.

Army.—The excess of income, amounting to £49,000, is due partly to a change in the mode of accounting for Commissariat supplies, and also to unexpected receipts for stores supplied for the famine districts, &c.

State Railways.—The income was estimated at £95,000; it will probably reach £121,000. The charges (estimated at £104,000) will be £281,000. Of this, however, £185,000 is due to expenditure on the Tirhoot State Railway in excess of the amount charged to famine relief. But for this extraordinary charge, the expenditure would not have exceeded £96,000, and we should have had in the current year our first net return from State Railways of £25,000. In the coming year the Rajpootana line will be opened to the Sambhur Salt Works, and the net income is expected to rise to £50,000,—the expenditure being put at £180,000, and the gross income at £230,000; while the benefit to the salt trade will be beyond all estimate, and the profit to the salt revenues by no means inconsiderable.

Charges.

Coming now to the CHARGES: the following are the chief items of decrease:—

DECREASED CHARGES.

Interest.—The funded debt (of which an abstract is given in the margin) amounts to £118,537,359, bearing interest at £5,154,955, or an average of 4⅓ per cent. The payments will fall short of the estimate by £61,000, a full year's interest not having been demanded. The effect of the operations for the redemption of East India Stock described in last year's statement, is now complete; but the relief so long expected from it has been to a great extent neutralized by the recent addition to our debt.

Rate of interest.	In Rupees.	In Sterling.	Total in Sterling, taking Re. 1 as 2*s.*	Interest.
		£	£	£
5½ ...	10,20,06,700	...	10,200,670	561,037
5 ...	1,09,59,000	17,287,050	18,382,950	919,147
4½ ...	15,91,56,400	...	15,915,640	718,204
4 ...	42,48,10,176	31,376,116	73,857,133	2,954,285
3½ ...	6,52,800	..	65,280	2,282
Nil .	9,37,687	21,917	115,686	...
TOTAL ...	69,85,22,763	48,685,083	118,537,359	5,154,955

Land Revenue.—The saving of £37,000 is chiefly from greater economy in the settlement department of the various provinces throughout the empire.

Salt.—The saving of £11,000 has been mentioned under the remarks upon the receipts.

Mint.—The decrease of £40,000 is due to a different mode of exhibiting the gain on copper coinage.

Regular Estimates, 1874-75. *Expenditure.*

Minor Departments.—A saving of £14,000, owing chiefly to less outlay than was expected on the Burma immigration scheme.

Marine.—£26,000 saving in stores.

Political Agencies.—A saving of £72,000, owing to the non-payment of certain subsidies.

Civil Furlough Allowances, £56,000, decrease of expenditure in England. The numbers who at first availed themselves of the new furlough rules, begin now to decline.

Famine Relief, £138,000, will be noted upon below.

Land and Supervision.—(Guaranteed Railways): a saving of £55,000, due to diminished operations and to the deduction of the cost of lands paid for in former years.

Guaranteed interest.—The improvement, £262,000, is due to the great rise in the net traffic receipts, in consequence of the carriage of grain to the famine districts, as will be further considered below.

Public Works Extraordinary.—The expenditure was £4,035,000, or less than what was estimated by £528,000. Of this short expenditure £185,000 is due to the removal from this head to the ordinary account of the expenditure upon the Tirhoot State Railway, and £50,000 to a like transfer of estimated outlay on the irrigation canals from the River Gunduck; £118,000 is due to short expenditure at home for stores.

These savings have been more than counterbalanced by the following excess charges:— INCREASED CHARGES.

Interest on other accounts.—£23,000 is due to increased balances of Railway traffic earnings and in the Savings Banks.

Refunds.—£63,000 is owing to unexpected demands under this head.

Opium.—The Bengal crop having turned out much larger than was anticipated, cost an additional sum of £235,000. A full return has been received in the shape of a material addition to the reserve stock.

Stamps.—An excess of £9,000 for stores in England.

Administration.—£78,000 for stores in England.

Allowances and Treaty Assignments.—An advance of £30,000 to the King of Oudh will explain the increase in 1874-75, as well as, in part, the anticipated diminution of charge in 1875-76.

Superannuation allowances, £21,000 excess in pensions from Military and Medical funds.

Loss by Exchange.—The equivalent received in England in sterling money for the Secretary of State's bills paid will exceed by £876,200 the Ten millions estimated; the exchange upon that sum, coupled with a slightly lower rate than was estimated, has raised the charge under this head from £746,000 to £869,000, or an excess of £123,000.

The average rate for the Secretary of State's bills during the year was 1*s.* 10 2243*d.*, being lower than the estimated rate by ·1096 of 1*d*: the highest rate was 1*s.* 10¾*d.* (6th May, when only 20 lakhs were drawn), and the lowest 1*s.* 9·81*d.* (5th August, 50 lakhs drawn). The value of silver continues to fall. At the close of last year the price was 58$\frac{13}{16}$*d.* per oz., it is now not above 57*d.*, being the lowest price yet quoted.

Miscellaneous, £65,000, owing chiefly to a call for capital on the Government shares in the Bank of Bombay, and to certain changes in the Home accounts.

Provincial Services, £94,000. An extra grant of £27,000 (of which £17,000 will be permanent) for public improvements in the new administration

Regular Estimates, 1874-75.

of Assam: a like grant of £25,000 for Burma; and (a less hopeful item) £24,000 in adjustment of expenses incurred during the last three years for the destruction of snakes in the Madras Presidency.

Expenditure.

Army, £112,000; of the various causes leading to this increase, it will suffice to notice the scheme for the retirement of Colonels, and the Duffla expedition.

Public Works.—The excess charge of £39,000 is occasioned by urgent work upon the Jacobabad embankments, and for repair of the damages from the floods in Madras.

General Result for 1874-75.

Such are the principal variations of income and expenditure in the Revised, as compared with the Budget, Estimate; and, as before said, they would nearly have balanced one another but for the opium revenue. A net income was estimated under that head of Five and a half millions; it is expected to be £6,170,000, or better than the estimate by £670,000. This excess is very close upon the sum by which the whole revised account of 1874-75 is better than the budget, *viz.*, £697,000.

Expenditure for Famine in Bengal.

We have now done with the budget of 1874-75. Before proceeding to the budget of 1875-76, it will be proper to recapitulate here the cost of the famine in Bengal, the accounts of which will be closed with those of the now expiring year. The expenditure was estimated by the Governor General in Council at Six and a half millions: from first to last, the net expenditure will not (it is now expected) exceed £6,200,500, according to the details given in the margin. The gross expenditure was £8,824,500; but there will be recoveries amounting to £2,624,000. It was thought best to enter in the estimates of revenue and expenditure only the net charge, and not to encumber the estimates of 1875-76 with recoveries which would have largely raised the apparent surplus of that year.

	£	£
Expenditure—		
Special establishments		250,000
Subsidies to trade and Railway ...		456,000
Grain—Cost	3,740,000	
Freight and storage ...	730,600	
Railway carriage ...	333,000	
Inland " ...	1,334,000	
Reserve " ...	315,000	
Steamers	95,800	
		6,548,400
State Railways		145,000
Relief works		1,108,000
Charitable relief and miscellaneous		317,100
		£8,824,500
Deduct—		
Sale of grain ...	2,514,000	
" stores ...	50,000	
" carriage and steamers ...	60,000	
		2,624,000
Net charge ...		£6,200,500

Against the net charge of £6,200,500 may properly be put the surplus traffic receipts arising from the carriage of grain to the famished districts. This has been a clear profit to Government by reducing the amount to be paid for guaranteed interest. These surplus gains can only be approximately calculated, and they may be estimated to amount at the least to £400,000, so that the entire cost to the Imperial Government of providing relief was £5,800,000. A further sum of perhaps half a million was provided from provincial or local sources; and these figures are exclusive of an expenditure of above £100,000 for the relief of scarcity in the North-Western Provinces and in Oudh.

Considering the vast extent of the measures taken for the provision of grain, the want of experience about much that was entirely novel, and the fact that variations of price and unforeseen requirements for establishments and supervision might reasonably have been expected to disturb all previous calculations, the close agreement of the estimate with the cost of this great work is matter for congratulation.

	£
1872-73	1,763,878
1873-74	2,071,936
1874-75	1,889,000
Total ...	5,724,814

It may be noted that the whole net charge is very nearly covered by the surplus of the three years 1872-73 to 1874-75 upon the ordinary account, exclusive of famine expenditure.

Budget of 1874-75.

BUDGET OF 1875-76.—It is now time to discuss the income and charge for the coming year.

Budget Estimates, 1875-76.

Revenue.

RECEIPTS.

ITEMS OF DECREASE.

OPIUM.

RECEIPTS.—And, first taking the income, a brief explanation will be given wherever there is material deviation from the corresponding entries in the Revised Estimates of the year preceding.

The branches in which a decrease is anticipated will be noticed together, and then those in which an improvement is expected.

And first in the opium revenue it will be seen that the net income is taken at £420,000 less than in the expiring year; as compared, however, with the original budget of that year, there is an increase of £250,000. This needs explanation. The fact is that it has been the practice for some years to estimate at a much lower sum than the actual average income. In the margin is given the net opium income for seven years. It has never in any one of these years fallen below Six millions. Nevertheless, since 1871-72 the estimate of the net opium revenue has not been put above Five and a half millions. Without departing from the policy of taking a low and safe estimate, the experience of recent years is found to justify a higher amount, and a somewhat nearer approach to the minimum income above shewn. It has therefore been determined to estimate for Five and three quarter millions. This estimate will still leave a large margin as compared with the average income; and, as compared even with the lowest of the seven years, the difference amounts to £281,000, so that it may be held to be sufficiently safe. It will be necessary, however, to bear in mind that the eventual excess over estimate that has for some years been derived from opium must (if we have such an excess) be less than it otherwise would have been by the amount of enhancement which has now been assumed in advance.

	£
1868-69	6,733,254
1869-70	6,130,874
1870-71	6,031,034
1871-72	7,657,213
1872-73	6,870,423
1873-74	6,323,599
1874-75 Revised Estimate	6,170,000
Average	6,559,485

It may be convenient here to consider the expenditure under this head, which is almost wholly for Bengal opium. The charges have risen in the present year (1874-75) to £2,350,000, owing to the last crop having been much more productive than was anticipated. The area under the poppy at the present time is very large (543,727 acres); the quantity that will be produced is, however, altogether dependent on the season continuing to be favorable; the cost of the opium as purchased from the cultivator may therefore possibly exceed the estimate, £2,300,000. But the policy of Government has recently been declared, not to increase, but rather to contract and centralize, the area under poppy cultivation; some saving may accordingly be anticipated in the advances to be given for the next sowings of 1875-76.

It may also be noticed here that Government have now accumulated a reserve stock of above 10,000 chests of opium, which will make the department to a considerable extent independent of the ordinary variations of season, and prevent the fluctuations that might otherwise arise in the number of chests brought yearly to sale in the Calcutta market, and the hurtful speculation consequent on such uncertainty. Notwithstanding the reserve (which it will be the object of Government still further to increase), it is not yet possible to say what number of chests will be offered for sale in 1876; but this much is certain, that should there be no unforeseen failure in the present crop, the quantity will not be less than 45,000; and it will not under any circumstances exceed 48,000. The exact number will be notified, as heretofore, after the crop has been gathered and manufactured. An average price per chest of Rs. 1,121 has been assumed for the purposes of budget calculation. The estimate for Malwa opium is that duty will be paid on 45,833 chests.

Contributions from Native States.—The diminution of £39,000 arises from the absence of the arrears which have swollen the previous year's revenue, and from the capitalization of the Maharaja Holkar's tribute being nearly concluded. An annual amount of £23,816 has, for some years past, been paid by His Highness: this year it was but one-half of that sum; and next year it will entirely cease.

Mint.—A diminution of £61,000 arises from cessation for this year of copper coinage.

Marine.—Decrease of £85,000; it has been explained that there was an extraordinary receipt in England in 1874-75.

Budget Estimates, 1875-76.

Revenue.

Receipts for Superannuation Allowances.—The decrease, £60,000, is due to cessation of an item formerly credited from one of the Military funds now exhausted.

Gain by exchange.—Less by £45,000 from the stimulating effect of the Bengal famine having ceased to swell the traffic on guaranteed Railways, as will be further explained below.

Miscellaneous.—£45,000 decrease: fluctuations always occur under this head.

Army.—It is expected that the receipts will be less than in the current year by £32,000.

INCREASED RECEIPTS AS COMPARED WITH 1874-75

The increased receipts recapitulated below will be found (leaving opium out of account) very nearly to balance these items of loss.

Land Revenue.—The gross revenue is placed at £21,379,000, being an advance upon the current year's Regular Estimate of £296,000. The present estimate has been framed with care by the various Local Governments, and revised in the Financial Office with much caution. The improvement in recent years is chiefly noticeable in Madras, the North-Western Provinces (nearly £300,000 in the last six or seven years), and in Burmah. Bengal is of course stationary, and in Bombay there are symptoms of decline. But upon the whole, it is encouraging to find this great branch and mainstay of our income in so sound a condition, and likely in future to yield an appreciable increment year by year.

Excise.—The increase of £35,000 is mainly due to the recovery of Bengal from the effects of the scarcity, and also to a satisfactory improvement generally throughout the empire. In 1873-74 the income from excise was £2,286,637: in the coming year £2,370,000 are expected. Increased attention is being everywhere paid to this branch of the administration; and, from the various reports recently received, it is clear that the increase arises, at least in a very great measure, from more stringent control, and a better check over smuggling. The Government of India have constantly inculcated the principle that in administering the excise department the interests of morality must dominate over those of revenue, and, where necessary, have supported the Local Governments in carrying that principle into effect.

Customs.—The estimates have been framed after reference to the recommendations made by the Tariff Committee, which are now under consideration by the Government of India. The cordial acknowledgments of the Government are due to the Committee for their laborious investigations and for their comprehensive and excellent report. The increase of £28,000 is due mainly to the lateness of the exports of rice from Burma, which will carry forward into the accounts of the coming year a considerable amount of duty that otherwise would have come within 1874-75.

The head of Customs includes £140,850 duty on sugar exported from North-Western India to Rajpootana and Central India. This is one of the least defensible of all our taxes; but there is hope that, with the customs barrier at which it is collected, it will ere long be swept away.

Salt.—The improvement here has been dealt with in the remarks for 1874-75.

Post Office.—The advance made last year is maintained, and indeed increased by £22,000. It arises from an expected increase of correspondence.

Telegraph.—£11,000, due to further recovery from the Ottoman Government, and also to general growth of traffic.

Interest.—The advance of £35,000 is caused by additional loans made during the present year to various corporations, landholders, &c.

Public Works.—A new item from the Wurora Colliery in the Central Provinces raises this estimate by £14,000.

Irrigation.—We have here a gratifying improvement of £44,000. The estimate has been taken with caution, and indeed the Public Works Department expects more. The increase is mainly from the North-Western Provinces,

where (partly from the new Agra Canal) an enhancement of £18,000 is expected; and there is also an advance anticipated in the receipts of the Soane, and of the Bombay Canals.

Budget Estimates, 1875-76 *Revenue.*

State Railways.—Another notable increase of £109,000 is expected from the carriage of Sambhur salt and the further opening of the State Railways to public traffic.

TOTAL ESTIMATED REVENUE OF 1875-76 COMPARED WITH THAT OF 1874-75

The grand total of all our revenues, as above explained, is £49,820,000. This is greater than the Budget Estimate of 1874-75 by £836,000, but less than the Regular Estimate (as swelled by the opium surplus) by £250,000. Eliminating opium from the comparison, this year's revenue is more than last year's Regular Estimate by £220,000.

CHARGES—EXPLANATION OF ITEMS OF DECREASE

CHARGES.—We proceed to consider the expected disbursements for the coming year; and first will be noticed those in which there is any material increase.

Interest.—An advance of £142,000. Provision has been made for the additional debt to be incurred in the coming year and for a full year's interest on the money borrowed during the current year.

Salt.—£19,000, due chiefly to resumption of operations to repress the illicit manufacture of salt in Behar.

Post Office.—An increase of £12,000 may be regarded as a partial set-off to the increase of revenue (£22,000).

Telegraph, increase of £49,000: provision is made for the purchase of the telegraphs on certain guaranteed Railways, for the construction of new telegraphs both on the State and guaranteed Railways, and for the purchase of stores.

Law and Justice shows an additional burden of £57,000; of this, above £20,000 are for the improved judicial machinery which has just been introduced into the Punjab, and £20,000 are for re-organizing the process-serving establishments in the Bombay Presidency. Provision is also made for the constitution of a new district in Burmah.

Marine.—An increase of £40,000, due to the proposed Marine surveys, and to expenditure in England for stores.

Loss by exchange.—An increase of £521,000. The rate of exchange is estimated at 1*s.* 9⅞*d.* per rupee, and to remit £14,300,000 at this rate requires the adjusting entry of an additional £1,390,000. Against this we have, on the opposite side of the sheet, a gain of £325,000; leaving a net charge under this head of £1,065,000.

Army.—The budget (in which there is an excess over last year of £184,000) provides for the continuance of the Colonel's retirement scheme to the same extent as before. On this important measure, which besides adding to the efficiency of the Army, will be in itself a future financial advantage, the expenditure for the two years 1874-75 and 1875-76 is estimated at not less than £400,000. There have been considerable additions provided for in the expenditure of the coming year, and among them £20,000 for increased pay to Majors of Royal Artillery and Engineers; but they have been partially met by savings and retrenchments. The marginal table gives the net expenditure for the army for the last seven years, as compared with our present estimate. From the latter, the payment for the retiring scheme may properly be deducted, as it is in point of fact the cost of a saving which will be spread over many years to come. If this be done, it will be seen that the cost of the army in India has not, for many years, been lower than in these last two years, and that the

NET EXPENDITURE FOR THE ARMY.

YEAR.	In England.	In India.	TOTAL.
1868-69 ...	3,248,494	11,888,063	15,136,557
1869-70	3,478,807	11,768,327	15,247,134
1870-71	3,507,034	11,605,618	15,112,652
1871-72	3,586,934	11,146,758	14,733,692
1872-73	3,503,020	11,093,781	14,596,801
1873-74 ...	3,328,912	10,890,239	14,219,151
1874-75 Revised Estimate	3,599,700	10,960,300	14,560,000
1875-76 Budget ,,	3,725,600*	11,050,400	14,776,000

* Including £150,000 for capitalized value of annuities to officers retiring in 1875-76.

Budget Estimates. 1875-76 *Expenditure*

total cost is less than in any recent year up to 1873-74. Within the last two or three years, moreover, a large permanent addition has been made in military expenditure to improve the condition equipment and organization of the army; among such improvements may be named the revised scale of pay for British troops, new establishments for garrison instruction and musketry inspection, additional hutting money for Indian troops, an increase of subalterns in British and Indian regiments. Thus there has been no sacrifice of efficiency to economy: on the contrary, the favorable financial result here shown has gone hand in hand with a liberal expenditure in improvements and reform.

Public Works Ordinary.—Increase of £110,000, caused by an extraordinary grant of £100,000 for military works, to enable the construction of barracks to be prosecuted with greater vigor throughout the country: £10,000 have also been given for special repairs in the Kidderpore Dock Yard.

State Railways.—Apart from the sum of £185,000 entered in the accounts of 1874-75 as expended upon the Tirhoot State Railway, £75,000 more will be spent in 1875-76 than in the current year, but (as before shown) it will be more than covered by improved receipts.

Guaranteed interest; increase £451,000. The additional payment for interest will be only £31,000; but as traffic receipts are first deducted, and as these have been so greatly swollen during the current year by the scarcity, the present entry compares badly with that of 1874-75. The income, however, is growing, as will be shown below.

Decreased changes

These are all the instances of material enhancement of expenditure. The departments in which a decrease is expected will now be noticed.

Forest.—£28,000, corresponding with a decrease of revenue £27,000.

Refunds.—£25,000, the expenditure this year having been unusually high.

Opium.—£50,000, already noticed under receipts.

Mint.—£38,000; the same cause as in 1874-75.

Minor Departments.—£10,000, owing to reduced disbursements on Exhibitions by the Home Government.

Administration shows a decrease of £22,000, notwithstanding provision made for the transfer of the Government of India during the summer to Simla, for the new Member of the Governor General's Council, and for some increase to the establishments of the Home Government. The net decrease is owing to the abnormal charge for stores in 1874-75.

Political Agencies.—Less by £37,000 owing to exceptional charges in 1874-75 for the Yarkund embassy, and the Zanzibar Mission.

Allowances under treaty.—A reduction of £45,000, partly on account of the advance, noticed in the accounts of 1874-75, to the Ex-King of Oudh, and partly owing to the death of certain stipendiaries in Madras.

Miscellaneous.—£65,000 saved by the non-recurrence of the special items noticed in the accounts of 1874-75.

Provincial Services.—Special grants will be smaller this year than those made last to the extent of £65,000.

Net result of Budget for 1875-76 compared with Revised Estimate of 1874 75

Such, then, are the variations in detail. Putting the whole together, we find the total expenditure estimated for 1875-76 (excluding disbursements on Reproductive works, which the Government holds itself free to construct from borrowed capital) to be £49,314,000. In 1874-75, excluding famine charges, it is only £48,181,000. So that we have here a rise of expenditure of not less than £1,133,000. From the marginal note it will be seen that three items alone nearly account for this growth of charge. Of the three, the largest, loss by exchange, is dependent on the market rate; the excess of guaranteed interest is caused by the cessation of the famine traffic;—both being beyond the control of Government. The growth of interest arises from increased borrowing for Reproductive works, and also to meet the immediate burden of the recent Famine. So that in the ordinary machinery and administration proper of the empire, there is in the estimates of the coming year but little increase of net charge. Nor

	£
Interest on debt ...	142,000
Guaranteed interest, less traffic receipts ...	451,000
Loss by exchange	521,000
Total	1,114,000

must it be lost sight of that this result has been attained notwithstanding considerable additional grants to promote efficiency in the administration;—such as £20,000 to improve the judicial establishments in the Punjab, a similar increase to the Provincial assignment in Assam, an increase of £20,000 for process-serving establishments in Bombay, and £100,000 for the more vigorous prosecution of Military works.

Budget Estimates. 1875-76. *Expenditure*

Surplus for 1875-76.

We have seen that the income of the coming year is likely to be £49,820,000, and now we find that the probable expenditure will be £49,314,000. The excess of income over expenditure thus provides for a surplus of £506,000. The Government of India are satisfied that this will be sufficient. By the effective enforcement of economy in all branches of the administration,—an obligation recognized by every Government throughout the country,—it may be hoped that, no unforeseen adversity occurring, the surplus will, as in previous years, prove somewhat better than has been estimated; and in particular, from what has before been said, some improvement may not unreasonably be looked for from opium.

Before passing on to the Ways and Means for the year, a few remarks seem called for on the state of Trade and also on the progress of Reproductive works, the interest on the capital of which forms so heavy a weight upon the finances of India.

Trade Statistics of 1873-74, compared with 1872-73.

THE LEADING FEATURES OF TRADE in 1873-74, as compared with the year preceding, may be described as follows: The aggregate value (excluding Government stores and treasure) was £94,277,080, being an increase over 1872-73 of Two and three-quarter millions. The increase was almost entirely in imports, which exceeded those of 1872-73 by £2,407,577. The small increase in exports (£338,400) was due to an increase of £605,117 in treasure; so that there was really a decrease in the value of exported merchandise, amounting to £266,717.

	1873-74.	1872-73.
	£	£
Imports	37,437,231	35,029,654
Exports	56,839,849	56,501,449
TOTAL	94,277,080	91,531,103

Increase of Imports

Of the increase in imports, £1,235,949 are due to treasure, and £1,171,628 to merchandise. Cotton piece goods rose in value by £559,125; there was a slight fall in twist and yarn of £8,748; the net result being an increase of £550,377, notwithstanding the competition of cotton-mills in India. In point of fact, the value of cotton goods imported in 1873-74 was the highest on record, excepting 1870-71,* a year of excessive importations, and 1868-69,† when the tariff values were higher than now by about 15 per cent. The value of metals, notwithstanding a slight increase in iron and a considerable increase in tin, fell by £57,618. But in the present year the metal trade is materially improving. The expansion of industrial enterprize in India is satisfactorily attested by an increase of machinery imported, the value in 1873-74 being £1,002,347 as against £517,316 in 1872-73.

* £19,044,869
† £18,852,485

Exports.

The increase in the value of exports, as shown above, was £338,400. This is the result of several fluctuations, of which the most marked are the following;—Raw cotton fell by £805,923; raw jute by £706,533; and rice by £235,969. The decrease in the value of cotton is wholly due to lower prices, the quantity exported having risen by nearly ten million lbs.;‡ that in jute was owing to the fall in prices caused by unusually large exportations in the two preceding years.§ The diminution in rice was owing to the demand caused by the scarcity in Behar.‖ The proportionate decrease in value was less than that in quantity, prices having been higher in 1873-74 by 11·3 per cent.; so that the fall in quantity was 13·8 per cent., and in value 4·1 per cent. The chief items of increase were tea, indigo, seeds, wheat, and treasure. Of tea 19,324,235 lbs. were exported in 1873-74 as compared with 17,789,911 in the previous year, the value being £1,742,926 as against £1,577,691. It is gratifying to find

Items of decrease.

	Quantity lbs	Value. £
‡ 1872-73	494,214,447	14,022,108
1873-74	504,065,620	13,216,185
	Cwts	£
§ 1872-73	7,080,912	4,142,548
1873-74	6,127,279	3,436,015
	Cwts	£
‖ 1872-73	22,973,797	5,701,439
1873-74	19,805,184	5,456,470

Items of increase.

Budget Estimates, 1875-76.

this valuable staple, year by year, advancing steadily. The value of tea exported in 1863-64 was only £220,394. Indigo rose from 115,312 cwts. to 115,980, and the value from £3,426,824 to £3,555,300. The important trade in seeds has almost entirely recovered from the depression of 1872-73; the average value of the five years preceding that year was £2,543,000: in 1872-73 it fell to £1,508,241; in 1873-74 it rose to £2,361,423. Wheat shows a remarkable increase, the export in 1873-74 being 1,755,954 cwts., valued at £827,606, as against 394,010 cwts. in 1872-73, valued at £167,690: the improvement is due no doubt to the remission of the export duty in the beginning of 1873. Of coffee the quantity exported, 40,715,638 lbs., was less than the 41,462,705 lbs. of the previous year; but the value was higher, being £1,487,467 against £1,128,549: the fall in amount and rise in price were no doubt both due to deficiency in the crop. The saltpetre trade was not so brisk as in the year before, when it was unusually prosperous; but it exceeded the average of the five years preceding 1872-73. The export of teak continued to improve.

Upon the whole, the prospects of the commerce of India as illustrated by these figures are very encouraging.

Guaranteed Railways.

Guaranteed Railways.—The following table gives the progress of the traffic receipts:—

	Miles open.	Gross earnings.	Expenses.	Net receipts.
	No.	£	£	£
1870-71	4,963	6,620,758	4,063,977	2,556,781
1871-72	5,077	6,699,981	3,831,033	2,868,948
1872-73	5,345	6,889,281	4,341,381	2,547,900
1873-74	5,593	7,641,042	4,410,488	3,230,554
1874-75 (Regular)	5,613	8,245,400	4,683,400	3,562,000
1875-76 (Budget)	5,866	7,449,900	4,307,900	3,142,000

The entire length of all guaranteed Railways at present sanctioned is 6,207 miles. One hundred miles were opened in 1874, of which 85 belong to the Oudh and Rohilkhund Railway. As 5,591 miles in all are now open, it will be seen that the system is rapidly approaching completion. The capital already expended is £93,615,000.

The train mileage run during 1874 was 17,617,794 miles against 14,727,933 in 1873. The passengers increased from 21,406,636 to 22,678,772; but the coaching receipts diminished from £2,171,484 to £2,134,847. The increase in numbers and decrease in receipts arise from the adoption of low fares on the Madras and some other Railways, the effect of which is being watched; and in Bengal there was a falling off in passenger traffic owing to the scarcity.

The goods traffic, as repeatedly noticed, was greatly swelled during the last two years, and notably in 1874-75, by the carriage of grain to the districts where scarcity prevailed. The weight carried increased from 4,147,316 tons in 1873 (a year in which carriage of grain was already stimulated by the famine) to 4,926,779; and the receipts from £4,219,174 to £5,129,500.

The gross earnings of the closing year are expected to be £8,245,400, and the expenses £4,291,500; the net traffic receipts will thus be £3,953,900, of which £391,900, being half the surplus in excess of guaranteed interest, will be paid to the Companies. The remaining £3,562,000 will accrue to the Indian revenues. The interest payable under guarantee is £4,694,000. The net amount chargeable against the revenues will be £1,132,000.

Leaving out the last two years, it will be seen that the net traffic receipts in 1872-73 were £2,547,900; but that is held to have been an exceptionally bad year. The receipts of the previous year, 1871-72, were £2,868,948: since that time about 800 additional miles have been opened, and the expected net income for 1875-76 is £3,142,000, or £273,052 more than in 1871-72. The present estimates, which have been carefully prepared in the Railway Department, give hope of a gradual advance of receipts, and of a corresponding diminution in the interest charge.

Budget Estimates, 1875-76.

STATE RAILWAYS.

STATE RAILWAYS.—A few words may be added on the progress of the State Railways. At the end of 1873 the mileage open was 183 miles; at the end of 1874, 612.

The total cost to end of 1873-74 was ...	...	£5,619,950
Expenditure in 1874-75 (Regular Estimate)	...	2,787,550
Grant for 1875-76 (Budget Estimate) ...	...	3,000,000
Estimated total expenditure to end of 1875-76 ...		£11,407,500

The mean mileage worked during the year was 414 miles, and the train mileage 372,894, carrying 248,781 tons and 1,429,942 passengers. The receipts were £55,034 from goods and £47,133 from coaching; and averaged together £7 per mile per week. The State lines are worked at lower fares for passengers than on the guaranteed lines.

The net receipts are expected to increase (as has been stated before) from £27,000 to £50,000, and we may look now for a rapid rise of income as a set-off to the charge for interest, as well as for an invaluable accession to the trade in salt.

IRRIGATION CANALS.

IRRIGATION CANALS.—The gross direct irrigation revenue, that is, the receipts for water-rate and other items assessed directly by the Irrigation Department, will probably amount in 1875-76 to £525,000. This is almost entirely received in the Punjab, North-Western Provinces, and Lower Bengal. The returns from irrigation elsewhere are still, as a rule, included in the Land Revenue. The indirect revenue in the Provinces just named, that is, the increased assessment of Land Revenue due to canal irrigation, is estimated at £161,000, making a total income of £686,000.

The aggregate capital outlay on irrigation works to the end of 1873-74 (excluding the Madras and Bombay Presidencies, the accounts of which are not yet adjusted) amounted to £9,930,000. Of this, £6,711,000 was spent on the five works named in the margin, which are the largest of those now earning revenue.

		£
Ganges Canal	..	2,644,700
Eastern Jumna Canal	..	207,800
Baree Doab "	..	1,375,000
Western Jumna "	...	334,000
Orissa "	...	2,149,500

The gross direct income from these canals is expected to be £459,479, and the expenses £224,776, leaving a direct net revenue of £234,703, or a return of 3½ per cent. If the indirect revenue be included, the net return will be £347,119, or about 5 per cent. The area irrigated in the three Provinces was nearly 2,300,000 acres.

During the year certain projects were started in Behar to give relief to the famished population; but work on them is at present stayed, pending a more thorough survey of the country and investigation of the designs. About £17,506 were thus spent.

In the Punjab the chief expenditure has been on the Baree Doab, Sirhind, and Western Jumna Canals. The first of these is being improved and completed at an estimated cost of £128,900. The works on the Sirhind Canal have been vigorously prosecuted during the year, at an outlay of about £220,000. The total cost will be about Three millions. The rectification of the Western Jumna Canal is intended mainly to remove sanitary evils that have been found injurious to the country: the cost is estimated at £722,000.

In the North-Western Provinces certain rectifications of the Eastern Jumna Canal have been made at an expenditure of about £10,800. Material improvements in the Ganges Canal are being pressed forward, but necessarily with some difficulty, as the channels are full: the expenditure was about £54,000. The Lower Ganges Canal, with its new dam at Nurora below the Rajghat bridge, is being constructed with great vigor, about £300,000 having been expended on it during the year. Irrigation has commenced from the Agra canal, which was opened last year; its length is 130 miles, and its cost will be £900,000.

In Bengal £340,000 were spent on the Soane canal. This work afforded labor to the poor during the late scarcity; a large area was brought under irrigation without charge, and the food supply of the country thus

Budget Estimates, 1875-76.

materially increased. The expenditure on new works for the Orissa canal was about £203,000; the irrigation receipts on this canal advance but slowly: the receipts from the navigation of the Midnapore and Tidal Canal, however, exhibit the gratifying increase of £20,948 against £10,386 in the previous year.

In Madras no new works have been commenced, but improvements are projected in the Godavery and Kistna works. The canals in this Presidency suffered severely from floods, and the repairs will be costly.

In Bombay the Moota Moola design for the water-supply of Poona as well as for irrigation, was completed as far as Poona, the outlay so far being £361,000; and there will be a small return in the present year. The Desert canal in Scinde was also in progress at an outlay of £15,000.

The returns of canal revenue make no distinction between income derived from former works constructed out of revenue, and from those derived from borrowed money. In respect of the latter there is a lien upon the returns for the payment of the interest. It is now under consideration to what extent this can be shown in a distinct account, so as to keep under a continual watch the degree in which such works support themselves without aid from the general revenues of the empire.

FORECAST OF EFFECT OF BORROWING FOR RAILWAYS AND CANALS ON FINANCES OF INDIA.

For the last three years a forecast has been annually prepared in the Public Works Department, looking forward five years, and balancing against the increase of income anticipated from railways and canals, the increased charge on the empire for the interest of the capital borrowed for their construction. The forecast from 1875-76 to 1879-80 will shortly be published, when it will be shewn that, so far as can be foreseen, the continued prosecution of these works on the present scale will not entail any increase of burden on the exchequer of India.

Ways & Means for 1875-76.

It remains now only to consider the Ways and Means to provide for the expenditure which will devolve upon the Government of India and the Home Government during the year on which we are about to enter.

The cash balances in the Indian and Home Treasuries on 31st March 1874 (varying but slightly from the Revised Estimate) were a little above Sixteen millions, as follows:—

	£
In India	14,033,442
In Home Treasury	2,015,056
TOTAL ...	£16,048,498

It was estimated last year that on the 31st day of this month, the balances would have risen slightly, so as to stand at a little above Sixteen and a half millions.* The treasury accounts are influenced by so many and various causes that it is difficult to foretell precisely at what figure they will stand twenty days hence; but, as closely as we can calculate, they will be better than was estimated last year by no less than £1,844,860.† The improvement over the estimate is mainly due to the surplus in the ordinary account of 1874-75 being (as before explained) larger than was expected; and to the disbursements on the Famine and Extraordinary works being short of what was provided. From these causes the deficit on the whole account of the current year, estimated at £5,951,000, will be found from the present budget sheet to have fallen to £4,588,000, that is, by £1,363,000.

	£
* In India	15,272,593
Home Treasury .	1,268,745
	16,541,338

	£
† In India	15,700,042
Home Treasury ...	2,686,156(a)
	18,386,198

(a) The excess in the balances in Home Treasury as compared with estimate arises from excess remittances during the favorable season of commercial activity in India.

Ways & Means, 1875-76.

The Treasury balances (including those in England) rose during the year by £2,337,700. The main cause is that the sums borrowed more than covered our eventual wants. In all, including Railway capital, £7,488,100 were borrowed. The deficit of revenue, in 1874-75, as we have seen, is £4,588,000; add to this £853,200 for loans to Port Trust, Municipalities, &c., and we have a total of £5,441,200: thus leaving an excess of £2,046,900, which explains the greater part of the excess in the cash balances.

	£
Balance on 31st March 1874	16,048,498
Estimated ditto on 1st March 1875 ...	18,386,198
Difference ...	2,337,700

Of the amount borrowed during 1874-75, the Secretary of State raised £5,000,000 at four per cent. interest, obtaining a premium of £69,832, at an average of £1-7-11 per cent.

Two and a half crores of rupees were raised in India, also at four per cent. interest, a premium being obtained of Rs. 6,90,695, at an average of Rs. 2-12-2 per cent. For this loan 1,380 tenders were received, of which 908 were from Natives of India. The whole amount tendered was Rs. 16,15,95,900. The Government minimum price was Rs. 101, and 851 tenders were received for Rs. 14,13,81,500 at this minimum rate or at rates exceeding it. Of these tenders, 525 were from Natives of India.

In the coming year we have seen that the sum to be expended on Reproductive works is £4,300,000, and a further sum of £633,700 will be required for repayment of Railway capital: total £4,933,700. Against this is to be set the surplus of £506,000, reducing the amount to £4,427,700. The receipts upon the remainder of the cash account of the coming year will exceed the disbursements by £316,000. If this be deducted from the £4,427,700 required, a balance of £4,111,700 remains to be provided.

Supposing no money to be borrowed, this drain upon the Treasury would reduce the balances at Home and in India to about Fourteen and a quarter millions.* But this sum is too small for the requirements of the empire; and it will be necessary to arrange so that the balances shall not fall below Seventeen millions.† To provide for this it has been resolved to borrow the sum of £2,860,000. Of this amount the Maharajahs Scindia and Holkar are under engagements to contribute for Railways £360,000. The remaining sum, £2,500,000, will be raised by loan. In accordance with the intimation given by Her Majesty's Government, there will be no borrowing in England during the present year: the loan, therefore, to the amount above specified, will be raised in India. The arrangements for this purpose will be notified at some suitable time hereafter. By these arrangements the cash balance will, it is estimated, stand at £17,096,598 on the 31st March 1876.

	£
*India	12,107,642
Home	2,128,956
	14,236,598

	£
†India	14,967,642
Home	2,128,956
	17,096,598

In reviewing our loan transactions since 1869-70, and including guaranteed Railway capital and the proposed new loan, the entire sum borrowed during these seven years is £22,576,917. During the same period there has been spent on Reproductive works (State Railways and Canals) £19,468,774, leaving a balance of £3,108,143. The cash balance (according to present estimate) will be larger at the close of that period than it was at the beginning by £3,894,813. If, then, we deduct this sum, £3,894,813, from the sums borrowed, we find that the amount expended on Reproductive works will exceed the remainder by more than three quarters of a million; which three quarters of a million has consequently come out of Ordinary revenue. Over and above this, the whole cost of the famine, say Six millions, has been defrayed from net surplus on the ordinary account. These results will, it is believed, be considered satisfactory.

	£
Balance, 31st March 1869	13,201,785
Ditto 1876	17,096,598
Increase	£3,894,813
Borrowed	22,576,917
Added to cash balances ...	3,894,813
Remains to be accounted for	£18,682,104
Spent on Reproductive works	19,468,774
Net borrowed ...	18,682,104
	£786,670

Miscellaneous.

PAPER CURRENCY AND TREASURY IMPROVEMENTS.

In the early part of 1874, the paper currency stood at a very low amount, not much in excess of Nine millions. It rose gradually in the latter part of the year, and for four or five months has varied little from Eleven millions. The fall ordinarily caused at the present season by the demand for silver in the interior has this year been neutralized by the issues made against bullion.

Enquiries are being prosecuted with the view, if possible, to introduce a system of money orders between India and Germany: and also to extend to Indian laborers in Ceylon the advantage of money orders on Indian District Treasuries.

The number of depositors in Savings Banks has increased in the course of the expiring year by about 4,000. It now stands at about 68,000; and the aggregate of deposits at about £1,866,000.

The highest quoted price of four per cent. rupee paper in Calcutta during 1874-75 was Rs. 104-12 on the 9th and 15th July, the lowest Rs. 101-10 on the 24th April. The highest quoted price of enfaced four per cent. rupee paper in London was Rs. 98 on the 30th May and 4th June; the lowest Rs. 94, at which it now stands. The highest quoted price of four per cent. sterling paper in London was 104$\frac{7}{8}$ths on the 4th February, the lowest 100$\frac{1}{2}$ on the 2nd April.

The rupee paper enfaced for payment of interest in England by drafts on India stood on the 31st March 1874 at £13,272,205. The highest amount during the year was £14,214,617 on the 14th November 1874. The amount by the latest return (15th February 1875) was £13,905,131.

Provincial, local, and municipal funds.

It has not been found possible this year to complete the estimates and accounts of Provincial, Local, and Municipal income and expenditure in time for the Imperial Budget. They will be published, hereafter, so soon as they can be compiled.

Summary

To sum up briefly the leading points of this Financial Statement:—

For 1873-74 the Revised Estimate as prepared last year shewed an expected surplus of £1,818,700; the financial accounts shew an actual surplus of £2,071,936.

The surplus of 1874-75, estimated in the budget at £1,192,000, is expected according to the Revised Estimate to be £1,889,000. These figures are irrespective of famine relief and of expenditure from loans on Reproductive works.

The net cost of the Famine (allowing for recoveries and excess Railway income) will be about £5,800,000.

The estimated income of 1875-76 is £49,820,000; and expenditure £49,314,000; giving a surplus of £506,000.

On Reproductive works, £4,300,000 will be spent; including these, the deficit is £3,794,000.

The cash balances on 31st March 1875 are estimated to be £18,386,198.

To provide for the disbursements on Reproductive works, and maintain the cash balances at a sufficient amount, it will be necessary to raise a loan of £2,500,000.

With this assistance it is estimated that the cash balance will, on 31st March 1876, stand at £17,096,598, or a little above Seventeen millions.

STATEMENTS.

I.

REVENUE AND EXPENDITURE OF THE

Estimates,

REVENUE.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75.	Increase.	Decrease.	Budget estimates, 1875-76.	Budget estimates, 1875-76, compared with regular estimates, 1874-75.
	£	£	£	£	£	£	£
CIVIL.							
I.—Land revenue ...	21,037,912	21,404,000	21,083,000	..	321,000	21,379,000	+ 296,000
II.—Tributes and contributions from N. States..	768,544	729,000	739,000	13,000		700,000	— 39,000
III.—Forest	623,131	606,000	599,000	..	7,000	572,000	— 27,000
IV.—Excise on spirits and drugs	2,286,637	2,286,000	2,335,000	49,000	...	2,370,000	+ 35,000
V.—Assessed taxes ...	20,136	*Nil*	3,000	3,000	.	Nil.	— 3,000
VI.—Customs	2,628,495	2,738,000	2,642,000	...	96,000	2,670,000	+ 28,000
VII.—Salt	6,150,662	6,079,000	6,188,000	109,000	...	6,208,000	+ 20,000
VIII.—Opium	8,324,879	7,615,000	8,520,000	905,000	...	8,050,000	— 470,000
IX.—Stamps	2,699,936	2,708,000	2,779,000	71,000	...	2,784,000	+ 5,000
X.—Mint	66,544	124,000	133,000	9,000	...	72,000	— 61,000
XI.—Post office ...	688,198	695,000	713,000	18,000	...	735,000	+ 22,000
XII.—Telegraph	250,638	252,000	279,000	27,000	...	290,000	+ 11,000
XIII.—Law and justice ...	359,146	333,000	321,000	...	12,000	319,000	— 2,000
XIV.—Marine	236,323	201,000	282,000	81,000	...	197,000	— 85,000
XV.—Interest	464,910	462,000	537,000	75,000	...	572,000	+ 35,000
XVI.—Receipts in aid of superannuation, retired and compassionate allowances	699,768	679,000	694,000	15,000	...	634,000	— 60,000
XVII.—Gain by exchange on transactions with London	395,168	322,000	370,000	48,000	...	325,000	— 45,000
XVIII.—Miscellaneous ...	296,961	195,000	225,000	30,000	...	180,000	— 45,000
TOTAL ...	47,997,988	47,425,000	48,442,000	1,017,000	...	48,057,000	— 385,000
Army	1,009,124	890,000	939,000	49,000	...	907,000	— 32,000
Public works, ordinary ...	89.511	83,000	80,000	...	3,000	94,000	+ 14,000
Irrigation	475,174	491,000	488,000	...	3,000	532,000	+ 44,000
State railways	39,914	95,000	121,000	26,000	...	230,000	+ 109,000
GRAND TOTAL ...	49,611,711	48,984,000	50,070,000	1,086,000		49,820,000	— 250,000
Deficit, excluding P. W. extraordinary, but *including* Famine Charges	1,792,736	1,388,000	553,000	...	835,000	*Nil.*	— 553,000
Deficit, including P. W. extraordinary, but *excluding* Famine Charges	1,481,370	3,371,000	2,146,000	...	1,225,000	3,794,000	+ 1,648,000
Deficit, including P. W. Extraordinary and Famine Charges	5,346,043	5,951,000	4,588,000	...	1,363,000	3,794,000	— 794,000

Fort William;
Financial Department,
The 13th March 1875.

EDWARD GAY,
Deputy Comptroller General.

GOVERNMENT OF INDIA IN INDIA AND IN ENGLAND.

1875-76.

EXPENDITURE.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75	Increase.	Decrease	Budget estimates, 1875-76.	Budget estimates, 1875-76 compared with regular estimates, 1874-75.
CIVIL.	£	£	£	£	£	£	£
1.—Interest on funded and unfunded debt ..	5,248,820	5,127,000	5,066,000	...	61,000	5,208,000	+142,000
2.—Interest on service funds and other accounts ...	541,001	359,000	382,000	23,000	...	376,000	—6,000
3.—Refunds and drawbacks ...	292,845	262,000	325,000	63,000	...	300,000	—25,000
4.—Land revenue ...	2,486,275	2,513,000	2,476,000	...	37,000	2,480,000	+4,000
5.—Forest	390,499	443,000	433,000	...	10,000	405,000	—28,000
6.—Excise on spirits and drugs	93,569	87,000	83,000	...	4,000	86,000	+3,000
7.—Assessed taxes ...	2,165	*Nil.*	Nil.	...	...	Nil	
8.—Customs	183,863	186,000	178,000	...	8,000	179,000	+1,000
9.—Salt	478,245	490,000	479,000	...	11,000	498,000	+19,000
10.—Opium	2,001,280	2,115,000	2,350,000	235,000	...	2,300,000	—50,000
11.—Stamps	88,840	117,000	126,000	9,000	...	123,000	—3,000
12.—Mint	76,229	168,000	128,000	...	40,000	90,000	—38,000
13.—Post office	808,684	813,000	804,000	...	9,000	816,000	+12,000
14.—Telegraph	411,801	450,000	435,000	...	15,000	484,000	+49,000
15.—Administration ...	1,577,286	1,559,000	1,637,000	78,000	...	1,615,000	—22,000
16.—Minor departments ...	319,913	323,000	309,000	...	14,000	299,000	—10,000
17.—Law and justice ...	2,266,179	2,279,000	2,283,000	4,000	..	2,340,000	+57,000
18.—Marine	474,756	528,000	502,000	...	26,000	542,000	+40,000
19.—Ecclesiastical	159,527	159,000	160,000	1,000	...	161,000	+1,000
20.—Medical	180,596	187,000	194,000	7,000	...	187,000	—7,000
21.—Political agencies ...	366,209	445,000	373,000	...	72,000	336,000	—37,000
22.—Allowances and assignments under treaties and engagements ...	1,856,700	1,722,000	1,740,000	18,000	...	1,695,000	—45,000
23.—Civil furlough and absentee allowances ...	260,556	277,000	221,000	...	56,000	221,000	.....
24.—Superannuation, retired and compassionate allowances	1,576,682	1,818,000	1,839,000	21,000	...	1,863,000	+24,000
25.—Loss by exchange on transactions with London ...	986,530	746,000	869,000	123,000	...	1,390,000	+521,000
26.—Miscellaneous ..	94,142	70,000	135,000	65,000	...	70,000	—65,000
27.—Allotments for provincial services	5,069,972	5,030,000	5,124,000	94,000	...	5,059,000	—65,000
Famine Relief	3,864,673	2,580,000	2,442,000	...	138,000	.	—2,442,000
TOTAL CIVIL ...	32,157,837	30,853,000	31,093,000	240,000	...	29,123,000	—1,970,000
Army	15,228,274	15,387,000	15,499,000	112,000	...	15,683,000	+184,000
Public works, ordinary ...	2,355,723	2,505,000	2,544,000	39,000	...	2,654,000	+110,000
State railways	72,824	104,000	281,000	177,000	...	180,000	—101,000
Land and supervision (guaranteed railways)	152,438	129,000	74,000	...	55,000	91,000	+17,000
Guaranteed interest, less net traffic receipts	1,437,351	1,394,000	1,132,000	...	262,000	1,583,000	+451,000
TOTAL ORDINARY ...	51,404,447	50,372,000	50,623,000	251,000	...	49,314,000	—1,309,000
Public works, extraordinary .	3,553,307	4,563,000	4,035,000	...	528,000	4,300,000	+265,000
GRAND TOTAL ..	54,957,754	54,935,000	54,658,000	.	277,000	53,614,000	—1,044,000
Surplus, excluding P. W. extraordinary & Famine Charges	2,071,937	1,192,000	1,889,000	697,000		506,000	—1,383,000
Gross guaranteed interest ..	4,667,905	4,696,000	4,694,000		2,000	4,725,000	+31,000
Net traffic receipts .	3,230,554	3,302,000	3,562,000	260,000	...	3,142,000	—420,000
Guaranteed interest less net traffic receipts	1,437,351	1,394,000	1,132,000	...	262,000	1,583,000	+451,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II.

REVENUE AND EXPENDITURE OF THE

Estimates,

REVENUE	Accounts, 1873-74.	Budget Estimates, 1874-75.	Regular Estimates, 1874-75.	Increase	Decrease	Budget Estimates, 1875-76	Budget Estimates, 1875-76, compared with Regular Estimates, 1874-75
	£	£	£	£	£	£	£
I.—Land revenue	21,037,912	21,404,000	21,083,000	...	321,000	21,379,000	+ 296,000
II.—Tributes and contributions from Native States	768,544	726,000	739,000	13,000	...	700,000	— 39,000
III.—Forest ..	623,131	606,000	599,000		7,000	572,000	— 27,000
IV.—Excise on spirits and drugs	2,286,637	2,286,000	2,335,000	49,000		2,370,000	+ 35,000
V.—Assessed taxes	20,136		3,000	3,000		...	— 3,000
VI.—Customs ...	2,628,495	2,738,000	2,642,000	...	96,000	2,670,000	+ 28,000
VII.—Salt ..	6,150,662	6,079,000	6,188,000	109,000	.	6,208,000	+ 20,000
VIII.—Opium	8,324,879	7,615,000	8,520,000	905,000	..	8,050,000	— 470,000
IX.—Stamps	2,699,936	2,708,000	2,779,000	71,000	..	2,784,000	+ 5,000
X.—Mint ...	66,529	124,000	133,000	9,000	...	72,000	— 61,000
XI.—Post office ...	688,198	695,000	713,000	18,000	...	735,000	+ 22,000
XII.—Telegraph	246,425	241,200	265,500	24,300	...	268,400	+ 2,900
XIII.—Law and justice .	359,146	333,000	321,000	...	12,000	319,000	— 2,000
XIV.—Marine ...	235,099	201,000	200,700	...	300	197,000	— 3,700
XV.—Interest ...	395,028	447,000	458,000	11,000	...	552,000	+ 94,000
XVI.—Receipts in aid of superannuation, retired and compassionate allowances ..	601,719	584,400	599,000	14,600	..	542,400	— 56,600
XVII.—Gain by exchange on transactions with London	395,168	322,000	370,000	48,000	...	325,000	— 45,000
XVIII.—Miscellaneous	261,026	187,000	196,000	9,000	...	172,000	— 24,000
	47,788,670	47,296,600	48,144,200	847,600	..	47,915,800	— 228,400
Army	982,703	870,000	910,000	40,000		880,000	— 30,000
Public works, ordinary ..	73,681	64,300	62,500	..	1,800	75,200	+ 12,700
Irrigation	475,174	491,000	488,000	..	3,000	532,000	+ 44,000
State railways	39,914	95,000	121,000	26,000		230,000	+ 109,000
TOTAL ORDINARY ...	49,360,142	48,816,900	49,725,700	908,800	.	49,633,000	— 92,700

Fort William,
FINANCIAL DEPARTMENT,
The 13th March 1875

EDWARD GAY,
Deputy Comptroller General.

GOVERNMENT OF INDIA IN INDIA.

1875-76.

EXPENDITURE.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75.	Increase.	Decrease.	Budget estimates, 1875-76.	Budget estimates, 1875-76, compared with regular estimates, 1874-75.
	£	£	£	£	£	£	£
1.—Interest on funded and unfunded debt ...	2,814,523	2,917,000	2,875,500	.	41,500	3,045,200	+ 169,700
2.—Interest on service funds and other accounts .	541,001	359,000	382,000	23,000	...	376,000	— 6,000
3.—Refunds and drawbacks ...	277,183	262,000	311,000	49,000	..	300,000	— 11,000
4.—Land revenue	2,482,803	2,509,400	2,470,100	..	39,300	2,477,700	+ 7,600
5.—Forest ...	384,540	440,000	427,200	...	12,800	402,800	— 24,400
6.—Excise on spirits and drugs	93,569	87,000	83,000	..	4,000	86,000	+ 3000
7.—Assessed taxes ..	2,165	...	...	...	...	...	...
8.—Customs ...	183,863	186,000	178,000	...	8,000	179,000	+ 1000
9.—Salt ...	477,967	490,000	478,900	...	11,100	498,000	+ 19,100
10.—Opium ...	2,001,277	2,115,000	2,349,700	234,700	...	2,300,000	— 49,700
11.—Stamps ...	65,927	70,500	66,400	. .	4,100	74,000	+ 7,600
12.—Mint	70,620	82,000	112,600	30,600	...	73,600	— 39,000
13.—Post office ...	736,910	733,600	745,200	11,600	...	752,500	+ 7,300
14.—Telegraph ...	330,417	382,100	356,200	...	25,900	395,000	+ 38,800
15.—Administration ...	1,243,233	1,191,500	1,211,400	19,900	...	1,247,400	+ 36,000
16.—Minor departments .	290,226	283,600	274,600	...	9,000	278,000	+ 3,400
17.—Law and justice ...	2,266,136	2,277,000	2,281,300	4,300	..	2,337,500	+ 56,200
18.—Marine ...	367,900	383,200	374,800	...	8,400	402,600	+ 27,800
19.—Ecclesiastical ...	157,577	158,100	158,600	500	...	160,100	+ 1,500
20.—Medical ...	180,596	180,200	187,200	7,000	...	180,200	— 7,000
21.—Political agencies ...	331,283	402,000	331,100	...	70,900	303,000	— 28,100
22.—Allowances and assignments under treaties and engagements ..	1,837,364	1,702,600	1,720,600	18,000		1,675,600	— 45,000
24.—Superannuation, retired, and compassionate allowances ..	662,598	700,000	691,000	...	9,000	695,500	+ 4,500
25.—Loss by exchange on transactions with London ..	986,530	746,000	869,000	123,000	...	1,390,000	+ 521,000
26.—Miscellaneous .	59,803	44,800	98,800	54,000	...	43,800	— 55,000
27.—Allotments for provincial services ...	5,069,972	5,030,000	5,123,000	93,000	...	5,058,400	— 64,600
Famine relief ...	3,851,423	2,522,000	2,370,900	...	151,100	Nil	—2,370,900
TOTAL ...	27,767,406	26,254,600	26,528,100	273,500		24,731,900	—1,796,200
Army ...	11,872,941	11,869,700	11,870,300	600	...	11,930,400	+ 60,100
Public works, ordinary ...	2,229,386	2,421,200	2,429,700	8,500		2,570,200	+ 140,500
State railways ...	72,824	104,000	281,000	177,000	...	180,000	— 101,000
Land and supervision (guaranteed railways) ...	152,438	129,000	74,000	...	55,000	91,000	+ 17,000
	42,094,995	40,778,500	41,183,100	404,600	...	39,503,500	—1,679,600
Public works, extraordinary	2,542,642	3,420,000	2,897,400	...	522,600	3,600,200	+ 702,800
GRAND TOTAL ...	44,637,637	44,198,500	44,080,500	...	118,000	43,103,700	— 976,800

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II

REVENUE AND EXPENDITURE AT THE HOME

Estimates,

REVENUE.	Accounts, 1873-74.	Budget Estimates, 1874-75.	Regular Estimates, 1874-75.	Increase.	Decrease.	Budget Estimates, 1875-76.	Budget Estimates, 1875-76, compared with Regular Estimates, 1874-75.
	£	£	£	£	£	£	£
X.—Mint ...	15	...	..	...	...	...	...
XII.—Telegraph ...	4,213	10,800	13,500	2,700	...	21,600	+ 8,100
XIV.—Marine ...	1,224	...	81,300	81,300	...	...	— 81,300
XV.—Interest	69,882	15,000	79,000	64,000	...	20,000	— 59,000
XVI.—Receipts in aid of superannuation, retired and compassionate allowances	98,049	94,600	95,000	400	...	91,600	— 3,400
XVIII.—Miscellaneous ...	35,935	8,000	29,000	21,000	...	8,000	— 21,000
TOTAL ...	209,318	128,400	297,800	169,400	...	141,200	— 156,600
Army	26,421	20,000	29,000	9,000	...	27,000	— 2,000
Public works, ordinary ...	15,830	18,700	17,500	...	1,200	18,800	+ 1,300
GRAND TOTAL ...	251,569	167,100	344,300	177,200	...	187,000	— 157,300

Fort William;
FINANCIAL DEPARTMENT,
The 13th March 1875.

EDWARD GAY,
Deputy Comptroller General.

REASURY OF THE GOVERNMENT OF INDIA.

875-76.

EXPENDITURE.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75.	Increase.	Decrease	Budget estimates, 1875-76	Budget Estimates, 1875-76, compared with regular estimates, 1874-75.
	£	£	£	£	£	£	£
1.—Interest on funded and unfunded debt ...	2,434,297	2,210,000	2,190,500	...	19 500	2,162,800	—27,700
3.—Refunds and Drawbacks...	15,662	...	14,000	14,000	...	..	—14,000
4.—Land revenue ...	3,472	3,600	5,900	2,300	...	2,300	—3,600
5.—Forest	5,959	3,000	5,800	2,800		2,200	—3,600
9.—Salt	278	...	100	100	...	..	—100
10.—Opium	3	...	300	300	...	...	—300
11.—Stamps	22,913	46,500	59,600	13,100	...	49,000	—10,600
12.—Mint	5,609	86,000	15,400	...	70,600	16,400	+1,000
13.—Post office	71,774	79,400	58,800	...	20,600	63,500	+4,700
14.—Telegraph	81,384	67,900	78,800	10,900	...	89,000	+10,200
15.—Administration ...	334,053	367,500	425,600	58,100	...	367,600	—58,000
16.—Minor departments ...	29,687	39,400	34,400	...	5,000	21,000	—13,400
17.—Law and justice ...	43	2,000	1,700	...	300	2,500	+800
18.—Marine	106,856	144,800	127,200		17,600	139,400	+12,200
19.—Ecclesiastical	1,950	900	1,400	500	...	900	—500
20.—Medical	...	6,800	6,800	...	...	6,800	...
21.—Political agencies ...	34,926	43,000	41,900	...	1,100	33,000	—8,900
22.—Allowances and assignments under treaties and engagements	19,336	19,400	19,400	...	..	19,400	...
23.—Civil, furlough and absentee allowances ...	260,556	277,000	221,000	...	56,000	221,000	...
24.—Superannuation, retired and compassionate allowances	914,084	1,118,000	1,148,000	30,000	...	1,167,500	+19,500
26.—Miscellaneous	34,339	25,200	36,200	11,000	...	26,200	—10,000
27.—Allottments for Provincial Services	...	...	1,000	1,000	...	600	—400
Famine relief	13,250	58,000	71,100	13,100	...	Nil	—71,100
TOTAL .	4,390,431	4,598,400	4,564,900	...	33,500	4,391,100	—173,800
Army	3,355,333	3,517,300	3,628,700	111,400	...	3,752,600	+123,900
Public works, ordinary ...	126,337	83,800	114,300	30,500	...	83,800	—30,500
Guaranteed interest less net traffic receipts	1,437,352	1,394,000	1,132,000	...	262,000	1,583,000	+451,000
	9,309,453	9,593,500	9,439,900	..	153,600	9,810,500	+370,600
Public works, extraordinary ...	1,010,665	1,143,000	1,137,600	...	5,400	699,800	—437,800
GRAND TOTAL ...	10,320,118	10,736,500	10,577,500	...	159,000	10,510,300	—67,200

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

.I

RECEIPTS AND DISBURSEMENTS AT THE TREASURIES OF

RECEIPTS.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75.	Increase.	Decrease.	Budget estimates, 1875-76.	Estimates, 1875-76, compared with Regular estimates, 1874-75.
	£	£	£	£	£	£	£
I.—Opening balance ...	21,786,137	16,143,838	16,048,498	...	95,340	18,386,198	+2,337,700
II.—Imperial revenue ...	49,611,711	48,984,000	50,070,000	1,086,000	...	49,820,000	—250,000
III.—Traffic earnings of guaranteed railways	7,641,042	7,387,000	8,245,400	858,400	...	7,449,900	—795,500
IV.—Provincial revenue ...	6,624,496	6,130,200					
V.—Local revenue ...	4,159,661	3,171,600	12,532,800	2,508,000	...	10,832,700	—1,700,100
VI.—Municipal income ...	818,384	723,000					
VII.—Service funds, civil ...	891,828	479,500	507,000	27,500	...	494,000	—13,000
VIII.—Service funds, military	16	3,500	...	...	3,500	...	
IX.—Loans to native states corporations and individuals repaid ...	123,685	110,000	174,000	64,000	...	131,000	—43,000
X.—Savings banks deposits	1,177,352	900,000	821,000	...	79,000	826,000	+5,000
XI.—Other deposits received & advances recovered	12,122,026	8,500,000	13,879,700	5,379,700	...	9,690,700	—4,189,000
XII.—Local remittances ...	656,641	280,000	404,000	124,000	...	298,000	—106,000
XIII.—Inter-provincial and inter-departmental transactions ...	16,839,140	17,376,000	13,765,000	...	3,611,000	16,591,000	+2,826,000
XIV.—Remittance account with the home treasury ...	1,732,348	1,082,600	1,013,000		69,600	939,000	—74,000
XV.—Secretary of state's bills on India sold...	13,285,678	10,000,000	10,842,000	842,000		14,300,000	+3,458,000
XVI.—Sundry obligations incurred ...	489,405	533,000	514,000	...	19,000	502,000	—12,00
XVII.—Public debt incurred...	2,109,377	9,138,400	9,242,000	103,600		3,300,000	—5,942,00
XVIII.—Guaranteed railway capital received ...	2,924 829	2,153,200	2,081,300		71,900	2,147,900	+66,60
TOTAL ...	142,993,756	133,095,838	140,139,698	10,993,200	3,949,340	135,708,398	—4,431,30

Abstract of the above shewing how t

ACCOUNTS, 1873-74.				REGULAR ES	
	£		£		£
Cash balance reduced ...	5,737,639	Deficit of imperial revenue ...	5,346,043	Service funds, civil ...	16,000
Service funds, civil ...	68,614	Deficit of povincial, local and municipal revenue	483,574	Savings banks deposits ...	60,000
Savings banks deposits ...	258,694	Service funds, military ...	366,472	Deposits received and advances recovered ...	164,200
Deposits received and advances recovered ...	163,457	Loans to native states, corporations and individuals...	457,164	Sundry obligations ...	219,700
Sundry obligations ...	202,877	Public debt paid off ...	36,078	Remittances	39,300
Remittances	125,128			Public debt incurred ...	8,494,900
Guaranteed Railway capital received	132,922				
TOTAL ...	6,689,331	TOTAL ...	6,689,331	TOTAL ...	9,094,100

Fort William;
Financial Department,
The 13th March 1875.

EDWARD GAY,
Deputy Comptroller General.

V.
THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

DISBURSEMENTS.	ACCOUNTS, 1873-74.	BUDGET ESTIMATES, 1874-75.	REGULAR ESTIMATES, 1874-75.	INCREASE.	DECREASE.	BUDGET ESTIMATES, 1875-76.	ESTIMATES, 1875-76, COMPARED WITH REGULAR ESTIMATES, 1874-75.
	£	£	£	£	£	£	£
1.—IMPERIAL EXPENDITURE ...	53,520,403	54,935,000	53,526,000	...	1,409,000	52,031,000	—1,495,000
2.—WORKING EXPENSES OF GUARANTEED RAILWAYS ...	4,410,488	4,085,000	4,683,400	598,400	...	4,307,900	—375,500
3.—INTEREST ON GUARANTEED RAILWAY CAPITAL SUPPLIED FROM SURPLUS EARNINGS...	4,667,905	3,302,000	4,694,000	1,392,000	...	4,725,000	+31,000
4.—PROVINCIAL EXPENDITURE ...	7,032,048	6,224,400					
5.—LOCAL EXPENDITURE ...	4,247,210	3,627,100	12,546,000	1,913,500	...	11,189,000	—1,357,000
6.—MUNICIPAL EXPENDITURE ...	806,857	781,000					
7.—SERVICE FUNDS, CIVIL ..	823,214	379,700	391,000	11,300	...	433,600	+42,600
8.—SERVICE FUNDS, MILITARY ...	366,488	361,800	365,200	3,400	...	313,000	—52,200
9.—LOANS ADVANCED TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS ...	580,849	610,000	1,027,200	417,200	...	500,000	—527,200
10.—SAVINGS BANKS DEPOSITS WITHDRAWN ...	918,658	900,000	761,000	...	139,000	744,000	—17,000
11.—OTHER DEPOSITS REPAID AND ADVANCES MADE ...	11,958,569	8,080,000	13,715,500	5,635,500	...	8,595,000	—5,120,500
12.—LOCAL REMITTANCES ...	1,041,254	280,000	404,000	124,000	...	298,000	—106,000
13.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	16,462,721	17,376,000	13,765,000	...	3,611,000	16,591,000	+2,826,000
14.—REMITTANCE ACCOUNT WITH THE HOME TREASURY ...	1,603,899	1,082,600	939,500	...	143,100	1,030,000	+90,500
15.—SECRETARY OF STATE'S BILLS ON INDIA PAID ...	13,280,805	10,000,000	10,876,200	876,200	...	14,300,000	+3,423,800
16.—SUNDRY OBLIGATIONS DISCHARGED ...	286,528	269,600	294,300	24,700	...	308,700	+14,400
17.—PUBLIC DEBT DISCHARGED ...	2,145,455	638,400	747,100	108,700	...	464,000	—283,100
18.—GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	2,791,907	3,621,900	3,018,100	...	603,800	2,781,600	—236,500
19.—CLOSING BALANCE ...	16,048,498	16,541,338	18,386,198	1,844,860	...	17,096,598	—1,289,600
TOTAL ...	142,993,756	133,095,838	140,139,698	12,949,760	5,905,900	135,708,398	—4,431,300

ways and means are provided.

MATES, 1874-75.

	£
DEFICIT OF IMPERIAL REVENUE ...	4,588,000
DEFICIT OF PROVINCIAL, LOCAL AND MUNICIPAL REVENUE	13,200
SERVICE FUNDS, MILITARY ...	365,200
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	853,200
GUARANTEED RAILWAY CAPITAL WITHDRAWN ..	936,800
CASH BALANCE INCREASED ...	2,337,700
TOTAL ...	9,094,100

BUDGET ESTIMATES, 1875-76.

	£
SERVICE FUNDS, CIVIL ...	60,400
DEPOSITS RECEIVED AND ADVANCES RECOVERED ...	1,095,700
SUNDRY OBLIGATIONS ...	193,300
PUBLIC DEBT INCURRED ...	2,836,000
SAVINGS BANK DEPOSITS ...	82,000
CASH BALANCE REDUCED ...	1,289,600
TOTAL ...	5,557,000

	£
DEFICIT OF IMPERIAL REVENUE	3,794,000
DEFICIT OF PROVINCIAL, LOCAL AND MUNICIPAL REVENUE ...	356,300
SERVICE FUNDS, MILITARY ...	313,000
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	369,000
GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	633,700
REMITTANCES ...	91,000
TOTAL ...	5,557,000

J. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

V.

RECEIPTS AND DISBURSEMENTS AT THE TREA

RECEIPTS.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75.	Increase.	Decrease.	Budget estimates, 1875-76.	Estimates, 1875-76, compared with regular estimates, 1874-75.
	£	£	£	£	£	£	£
I.—Opening balance ..	18,787,693	14,123,693	14,033,442	...	90,251	15,700,042	+1,666,600
II.—Imperial revenue ...	49,360,142	48,816,900	49,725,700	908,800	...	49,633,000	—92,700
III.—Traffic earnings of guaranteed railways	7,641,042	7,387,000	8,245,400	858,400	...	7,449,900	—795,500
IV.—Provincial revenue ..	6,624,496	6,130,200					
V.—Local revenue ...	4,159,661	3,171,600	12,532,800	2,508,000	...	10,832,700	—1,700,100
VI.—Municipal income ...	818,384	723,000					
VII.—Service funds, civil ...	891,828	479,500	507,000	27,500	...	494,000	—13,000
VIII.—Service funds, military	16	3,500	...	...	3,500	...	...
IX.—Loans to native states corporations and individuals re-paid ...	123,685	110,000	174,000	64,000	...	131,000	—43,000
X.—Savings banks deposits	1,177,352	900,000	821,000	...	79,000	826,000	+5,000
XI.—Other deposits received & advances recovered	12,116,434	8,497,000	13,870,500	5,373,500	...	9,687,700	—4,182,800
XII.—Local remittances ...	656,641	280,000	404,000	124,000	...	298,000	—106,000
XIII.—Inter-provincial and inter-departmental transactions ...	16,839,140	17,376,000	13,765,000	...	3,611,000	16,591,000	+2,826,000
XIV.—Remittance account with the home treasury ...	1,505,934	1,019,600	876,000	...	143,600	844,000	—32,000
XV.—Secretary of state's bills on India sold ...	...	...	...	...	...	...	...
XVI.—Sundry obligations incurred ...	489,405	533,000	514,000	...	19,000	502,000	—12,000
XVII.—Public debt incurred	1,085,377	4,138,400	4,171,000	32,600	...	3,300,000	—871,000
XVIII.—Guaranteed railway capital received ...	1,596,993	1,319,600	1,350,100	30,500	...	1,227,600	—122,500
TOTAL ..	123,874,223	115,008,993	120,989,942	9,927,300	3,946,351	117,516,942	—3,473,000

Abstract of the above showing how the

ACCOUNTS, 1873-74.				REGULAR ESTI	
	£		£		£
Cash balance reduced ...	4,754,251	Deficit of Provincial, Local and Municipal Revenue	483,574	Imperial revenue ...	5,610,600
Imperial revenue ...	4,686,130	Service funds, military ...	366,472	Guaranteed railways traffic earnings ...	3,562,000
Guaranteed railways traffic earnings ...	3,230,554	Loans to native states corporations and individuals	457,164	Service funds, civil ...	116,000
Deposits received and advances recovered ...	163,097	Secretary of state's bills paid	13,280,805	Savings banks deposits ...	60,000
Service funds, civil ...	68,614	Public Debt paid off ...	41,078	Deposits received and advances recovered ...	156,400
Savings banks deposits ...	258,694			Sundry obligations ...	219,700
Remittances ...	1,189,507			Remittances ...	723,500
Sundry obligations ...	202,877			Public Debt incurred ...	3,124,900
Guaranteed railway capital received ...	75,369				
TOTAL ...	14,629,093	TOTAL ...	14,629,093	TOTAL ..	13,873,100

Fort William;
FINANCIAL DEPARTMENT,
The 13th March 1875.

EDWARD GAY,
Deputy Comptroller General.

SURIES OF THE GOVERNMENT OF INDIA IN INDIA.

DISBURSEMENTS.	Accounts, 1873-74.	Budget Estimates, 1874-75.	Regular Estimates, 1874-75.	Increase.	Decrease.	Budget Estimates, 1875-76.	Estimates, 1875-76, compared with Regular Estimates, 1874-75
	£	£	£	£	£	£	£
1.—Imperial expenditure ...	44,637,637	44,198,500	44,080,500	...	118,000	43,103,700	—976,800
2.—Working expenses of guaranteed railways	4,410,488	4,085,000	4,683,400	598,400		4,307,900	—375,500
3.—Interest on guaranteed railway capital supplied from surplus earnings ...	36,375	36,000	34,600	.	1,400	35,000	+400
4.—Provincial expenditure ...	7,032,048	6,221,400					
5.—Local expenditure ...	4,247,210	3,627,100	12,546,000	1,913,500	..	11,189,000	—1,357,000
6.—Municipal expenditure ...	806,857	781,000					
7.—Service funds, civil ...	823,214	379,700	391,000	11,300	...	433,600	+42,600
8.—Service funds, military ...	366,488	361,800	365,200	3,400	...	313,000	—52,200
9.—Loans advanced to native states, corporations and individuals ...	580,849	610,000	1,027,200	417,200	...	500,000	—527,200
10.—Savings banks deposits withdrawn ...	918,658	900,000	761,000	...	139,000	744,000	—17,000
11.—Other deposits repaid and advances made ...	11,953,337	8,077,000	13,714,100	5,637,100	...	8,592,000	—5,122,100
12.—Local remittances ...	1,041,254	280,000	404,000	124,000	..	298,000	—106,000
13.—Inter-provincial and inter-departmental transactions ...	16,462,721	17,376,000	13,765,000	...	3,611,000	16,591,000	+2,826,000
14.—Remittance account with the home treasury ...	308,233	139,400	152,500	13,100	...	134,500	—18,000
15.—Secretary of state's bills on India paid ...	13,280,805	10,000,000	10,876,200	876,200	...	14,300,000	+3,423,800
16.—Sundry obligations discharged ...	286,528	269,600	294,300	24,700	.	308,700	+14,400
17.—Public debt discharged ...	1,126,455	638,400	746,100	107,700	...	464,000	—282,100
18.—Guaranteed railway capital withdrawn ...	1,521,624	1,752,500	1,448,800	...	303,700	1,234,900	—213,900
19.—Closing balance ...	14,033,442	15,272,593	15,700,042	427,449	.	14,967,642	—732,400
TOTAL ...	123,874,223	115,008,993	120,989,942	10,154,049	4,173,100	117,516,942	—3,473,000

ways and means are provided

MATES, 1874-75.

	£
Deficit of provincial, local and municipal revenue ..	13,200
Service funds, military ...	365,200
Loans to native states, corporations and individuals	853,200
Secretary of state's bills paid ...	10,876,200
Cash Balance increased ...	1,666,600
Guaranteed Railway capital withdrawn ...	98,700
TOTAL ...	13,873,100

BUDGET ESTIMATES, 1875-76.

	£
Cash Balance reduced ...	732,400
Imperial revenue ...	6,494,300
Guaranteed railways traffic earnings ...	3,142,000
Service funds, civil ...	60,400
Savings Banks Deposits	82,000
Deposits received and advances recovered ..	1,095,700
Remittances ...	709,500
Sundry obligations ...	193,300
Public debt incurred ...	2,836,000
TOTAL ...	15,345,600

	£
Deficit of provincial, local and municipal revenue	356,300
Service funds, military ...	313,000
Loans to native states, corporations and individuals	369,000
Secretary of state's bills paid ...	14,300,000
Guaranteed railway capital withdrawn ...	7,300
TOTAL ...	15,345,600

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

V

RECEIPTS AND DISBURSEMENTS AT THE HOME

RECEIPTS.	Accounts, 1873-74.	Budget estimates, 1874-75.	Regular estimates, 1874-75.	Increase.	Decrease.	Budget estimates, 1875-76.	Estimates, 1875-76, compared with regular estimates, 1874-75.
	£	£	£	£	£	£	£
I.—Opening balance ...	2,998,444	2,020,145	2,015,056		5,089	2,686,156	+ 671,100
II.—Imperial revenue ...	251,569	167,100	344,300	177,200		187,000	— 157,300
III.—Traffic earnings of guaranteed railways	...	...					
IV.—Provincial revenue ...	...	...					
V.—Local revenue ...	...	...					
VI.—Municipal income ...	...	...					
VII.—Service funds, civil ...	...	...					
VIII.—Service funds, military	...	...					
IX.—Loans to native states, corporations and individuals repaid ...	...	...					
X.—Savings banks deposits	...	...					
XI.—Other deposits received and advances recovered ...	5,592	3,000	9,200	6,200		3,000	— 6,200
XII.—Local remittances ...	...	...					
XIII.—Inter-provincial and inter-departmental transactions ...	...	...					
XIV.—Remittance account with the Home Treasury ...	226,414	63,000	137,000	74,000		95,000	— 42,000
XV.—Secretary of State's bills on India sold...	13,285,678	10,000,000	10,842,000	842,000		14,300,000	+ 3,458,000
XVI.—Sundry obligations incurred ...	...	...					
XVII.—Public debt incurred	1,024,000	5,000,000	5,071,000	71,000			— 5,071,000
XVIII.—Guaranteed railway capital received ...	1,327,836	833,600	731,200		102,400	920,300	+ 189,100
TOTAL ...	19,119,533	18,086,845	19,149,756	1,170,400	107,489	18,191,456	— 958,300

Abstract of the above showing how the

ACCOUNTS, 1873-74.				REGULAR EST	
	£		£		£
Secretary of State's bills sold ...	13,285,678	Excess of Imperial expenditure over revenue ...	8,631,197	Deposits received and advances recovered	7,800
Cash balance reduced ...	983,388	Interest on guaranteed railway capital ...	4,631,530	Secretary of State's bills sold	10,842,000
Deposits received and advances recovered ...	360	Remittances ...	1,069,252	Public debt incurred ...	5,070,000
Public debt incurred ...	5,000				
Guaranteed railway capital received ...	57,553				
TOTAL ...	14,331,979	TOTAL ...	14,331,979	TOTAL ...	15,919,80

Fort William;
Financial Department,
The 13th March 1875.

EDWARD GAY,
Deputy Comptroller Genera

REASURY OF THE GOVERNMENT OF INDIA.

DISBURSEMENTS.	ACCOUNTS, 1873-74.	BUDGET ESTIMATES, 1874-75.	REGULAR ESTIMATES, 1874-75.	INCREASE.	DECREASE.	BUDGET ESTIMATES, 1875-76.	ESTIMATES, 1875-76, COMPARED WITH REGULAR ESTIMATES, 1874-75.
	£	£	£	£	£	£	£
1.—IMPERIAL EXPENDITURE ...	8,882,766	10,736,500	9,445,500	...	1,291,000	8,927,300	— 518,200
2.—WORKING EXPENSES OF GUARANTEED RAILWAYS .							
3.—INTEREST ON GUARANTEED RAILWAY CAPITAL SUPPLIED FROM SURPLUS EARNINGS	4,631,530	3,266,000	4,659 400	1,393,400	...	4,690,000	+ 30,600
4.—PROVINCIAL EXPENDITURE ...							
5.—LOCAL EXPENDITURE ...							
6.—MUNICIPAL EXPENDITURE ...							
7.—SERVICE FUNDS, CIVIL .							
8 —SERVICE FUNDS, MILITARY ...							
9.—LOANS ADVANCED TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS ...							
10.—SAVINGS BANKS DEPOSITS WITHDRAWN ...							
11.—OTHER DEPOSITS REPAID AND ADVANCES MADE ...	5,232	3,000	1,400	...	1,600	3,000	+ 1,600
12.—LOCAL REMITTANCES ...							
13.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...							
14.—REMITTANCE ACCOUNT WITH THE HOME TREASURY ...	1,295,666	943,200	787,000	...	156,200	895,500	+ 108,500
15.—SECRETARY OF STATE'S BILLS ON INDIA PAID .							
16 —SUNDRY OBLIGATIONS DISCHARGED ...							
17.—PUBLIC DEBT DISCHARGED ..	1,019,000		1,000	1,000	...		— 1,000
18.—GUARANTEED RAILWAY CAPITAL WITHDRAWN ..	1,270,283	1,869,400	1,569,300	...	300,100	1,546,700	— 22,600
19.—CLOSING BALANCE ...	2,015,056	1,268,745	2,686,156	1,417,411	...	2,128,956	— 557,200
TOTAL	19,119,533	18,086,845	19,149,756	2,811,811	1,748,900	18,191,456	— 958,300

pays and means are provided.

MATES, 1874-75.	£	BUDGET ESTIMATES, 1875-76	£		
EXCESS OF IMPERIAL EXPENDITURE OVER REVENUE ...	9,101,200	CASH BALANCE REDUCED ...	557,200	EXCESS OF IMPERIAL EXPENDITURE OVER REVENUE ...	8,740,300
INTEREST ON GUARANTEED RAILWAY CAPITAL ...	4,659,400	SECRETARY OF STATE'S BILLS SOLD ...	14,300,000	INTEREST ON GUARANTEED RAILWAY CAPITAL ...	4,690,000
REMITTANCES ...	650,000			REMITTANCES ...	800,500
GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	838,100			GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	626,400
CASH BALANCE INCREASED ...	671,100				
TOTAL ...	15,919,800	TOTAL ...	14,857,200	TOTAL ...	14,857,200

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

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CONTAINING THE BUDGET FOR THAT YEAR, WITH A REVIEW OF THE BUDGETS OF 1874-75 AND 1875-76.

FORT WILLIAM, THE 31ST MARCH 1876.

STATEMENT BY THE HON'BLE SIR WILLIAM MUIR, K.C.S.I.

IN the following Statement are embodied the Imperial Budget for 1876-77, the Regular estimate for 1875-76, and the Accounts as finally closed for 1874-75.

We shall begin as usual with the accounts of the year 1874-75, and compare the actual results as finally adjusted with the Regular estimate of the same, formed last year. These results will be found throughout highly satisfactory. Accounts of 1874-75

The budget as presented in 1874 gave the estimated revenue at £48,984,000. At the close of the year the Regular estimate gave ground for expecting £50,070,000. The sum actually realized was £50,570,177, that is to say, it was better than the Regular estimate by £500,177.

The ordinary expenditure was taken in the budget at £47,792,000. In the Regular estimate it was raised to £48,181,000. The actual charge stands at £48,013,187, or less than the Regular estimate by £167,813.

Thus, taking the whole account, the actual figures are better than the Regular estimate formed at the close of last year, by £667,990. It follows that the surplus then anticipated of £1,889,000 turned out actually to be a surplus of £2,556,990.

This large and gratifying surplus is irrespective of the Famine expenditure in Bengal. The famine charges of the year 1874-75 were £2,237,860; and if we include them in the account, the surplus is reduced from £2,556,990 to £319,130.

	Receipts.	Expenditure.	Surplus
	£	£	£
Ordinary Account—			
Regular ...	50,070,000	48,181,000	1,889,000
Actuals ...	50,570,177	48,013,187	2,556,990
Famine charges added—			
Actuals .	50,570,177	50,251,047	319,130

In estimating the normal surplus of 1874-75, it is proper to add that the Famine caused an increase of guaranteed-railway earnings of about £170,000, and that the loan of Five millions taken at home, diminished the entry of "Loss by exchange" by about £400,000; but even deducting these items, it will still be seen that the surplus, but for the Famine, would have been nearly Two millions sterling.

The improvement of the actual figures for the year over those of the Regular estimate is mainly due to the Land Revenue collections towards its close having been better than was expected in Madras, Oudh, and Bombay by £213,793. On the other hand, the Famine expenditure was below the sum estimated by £204,140.

For the rest, the Army receipts were better than estimated by £49,845; and the Opium Revenue by £36,629. Customs and Salt were also more productive by £75,780 than anticipated. The "Miscellaneous" entry shews an advance on the Revenue side of £53,144, owing to a large amount of lapsed deposits credited in Bombay; and an improvement also on the expenditure side of £12,963, due chiefly to the call for payments on the Government shares in the Bank of Bombay being adjusted under Debt. These shares having been since sold, it was thought better to adjust the account of both transactions under Debt, than to swell the Revenue of 1875-76 by the price of shares. Marine shows an excess of charge, £88,046, mainly owing to the Duffla expedition and also to the relief operations in Bengal. None of the other variations are of sufficient magnitude to call for remark.

The Extraordinary expenditure on reproductive works was put by the Regular estimate at £4,035,000; the amount actually expended was £4,240,566.

Regular Estimate 1875-76

REGULAR ESTIMATE, 1875-76.—We proceed to the accounts of the year about to expire. Of these we have the actual figures for at least ten months; in some of the entries for eleven months; and in a few we have the returns by telegraph almost to the close of the year. Thus the Regular estimate gives actual figures for by far the greater part of the year, and the conclusions shewn by it may be accepted as a fair approximation to what the facts will eventually prove.

The Budget and Regular estimates of ordinary revenue and expenditure shew the following results: The income was estimated at £49,820,000. It is expected to be £50,991,000, that is, it will probably be better than the estimate by £1,171,000.

The charges were estimated at £49,314,000. They will probably amount to £49,088,000; that is, they will be less than the estimate by £226,000.

The surplus was estimated at £506,000; it is expected to be £1,903,000.

But these figures, as before, are irrespective of Famine charges. Including them, the surplus falls from £1,903,000 to £1,247,000.

	Receipts £	Expenditure. £	Surplus £
Ordinary Account, Budget ..	49,820,000	49,314,000	506,000
Regular estimate ..	50,991,000	49,088,000	1,903,000
Add Famine charges ...	50,991,000	49,744,000	1,247,000

Apart, therefore, from the Bengal famine, nothing could be more assuring than the manner in which thus far the finance of the current year has answered to the expectations of the budget; and the improvement, especially on the Revenue side, has been spread over almost every head of the Account; while on the expenditure side the causes of increase will be satisfactorily accounted for below.

Bengal Famine Expenditure.

The Famine charge of £656,000 has fallen upon the year 1875-76 instead of having been settled before in consequence of the difficulty found in adjusting the accounts of expenditure between the Local and Provincial accounts of the Bengal Government.

The following figures shew the estimates and expenditure for famine charges for each year:—

	Estimate	Expenditure.
1873-74	3,920,000	3,864,673
1874-75	2,580,000	2,237,860
1875-76	.....	656,000
	6,500,000	6,758,533

There is a set-off of about £170,000 from this sum for increased traffic receipts for Railways; the net charge to Imperial revenues being £6,588,533. The estimate given in the budget for 1874-75 was 6½ millions. In the budget for last year it was hoped that the charge would have been somewhat less; this expectation has not been realized, but it is creditable to Sir Richard Temple that the estimates framed at first have proved to be so accurate.

We shall now explain the chief variations in detail between the budget and the estimate as now revised.

Opium Revenue, 1875-76

As heretofore, the greatest disturbing cause has been Opium, which gives us a probable increase over the budget estimate of £483,000.* And this result has been attained notwithstanding that in framing the budget, the net estimate for Opium was raised a quarter of a million in excess of the estimates of previous years; and notwithstanding also that certain drawbacks, such as a deficient stock in Malwa and some combination there for a time to stop the export of opium, have militated against the revenue. It is clear that this branch of income may with safety be dealt with at a still higher estimate than that of the expiring year.

Opium.

		£
Revenue above estimate	...	399,000
Charges below estimate	...	84,000
TOTAL	...	483,000

Putting now aside the Famine charges and Opium surplus, the net improvement in the income of the year amounts to £914,000, which is attributable to the following causes:—

Improvement on Budget receipts for 1875-76.

First as to income. The estimates have proved insufficient but in a very few cases.

DEFICIENCIES AS COMPARED WITH ESTIMATE, FEW.

Land Revenue shews £7,000 less than was estimated. This is entirely due to losses from drought in Madras, which were at first estimated by the Local Government at no less a sum than £120,000. The general improvement throughout the empire is, however, so sure and steady that it is not improbable the full estimate may, notwithstanding this drawback, be yet attained.

EXCESS UPON THE ESTIMATES.

Tributes.—The increase of £23,000 is due to an under-estimate of the contribution from the Maharaja of Jodhpur, and to certain unexpected succession fees.

Forest, £52,000; general improvement.

Excise, £118,000. This branch of the revenue is steadily rising.

Customs.—Increased receipts £35,000; increased expenditure £8,000; net increase £27,000. The changes in duty effected by the Tariff Act were calculated at a total loss on the budget estimate of £366,000 (including the altered valuations), to be recouped by compensatory duties on spirits and a few other articles, in a sum amounting to about £100,000; or a net loss (exclusive of £42,000 allowed for in the budget by anticipation for lowered valuations) of £266,000. But the Customs Revenue has been peculiarly productive this year. In the beginning of August, when the measure was enacted, the income had already risen £117,000 above the estimate for the first four months, and we then looked for a loss on the estimate of this year of about £70,000. But the growth of income has been so successfully maintained that, instead of a deficit, we now not only find the loss of the revenue for the last 8 months, which was estimated at £177,000, entirely recouped, but we actually look for a surplus over the estimate, as well as over the revenue of the previous year, of £27,000 net.

Salt.—The administration of this department has been highly successful, and the revenue is steadily advancing. The gross income of 1874-75 was £6,227,301. The budget estimate for 1875-76 was £6,208,000; we now expect £6,286,000, that is, an improvement of £78,000; or, deducting increased charges, £62,000 net.

Stamps shew an increase over the estimate of £31,000, and a saving in expenditure of £17,000, being a total improvement of £48,000. This source of revenue, taken in conjunction with *Law and Justice* (from which much revenue has recently been transferred to the head of Stamps), is advancing though slowly yet steadily

The *Mints* give a surplus over the estimate of £34,000, or net £17,000, mainly due to an unexpected coinage of copper.

The *Post Office*, estimated to yield £735,000, is expected to give £759,000, that is, an increase of £21,000, or net £23,000.

Telegraph.—Receipts estimated at £290,000; will yield probably £303,000, or an increase of £13,000, owing chiefly to the failure of the Red Sea Cable, which threw an extra amount of traffic on the Indo-European Lines. As there is an increase of expenditure of £9,000, the net improvement is £4,000. This is notwithstanding the purchase of the lines of the Bombay, Baroda, and Central India Railway Company for £26,000. The gross revenue from Telegraph is increasing

Receipts in aid of Superannuation and other allowances.—There is an increase in this year's apparent receipts of £116,000, caused by the retirement from the Bengal Medical Fund of above one hundred subscribers whose accumulated subscriptions £145,000 had to be repaid. To meet this charge, the whole balance at credit of the Fund was transferred in account, thus swelling the estimate; and it was insufficient to cover the expenditure. The Fund has accordingly become exhausted, and there will be a consequent deficit in the account for the ensuing year.

Gain by exchange, £49,000, will be found partly counterbalanced by loss on the opposite side of the sheet.

Miscellaneous.—Here the improvement of £92,000 is due mainly to the sale of the shares belonging to Government in the Bank of Bombay,—a transaction not contemplated when the budget was drawn up.

Army.—There is an improvement of £104,000 under this head.

Public Works shew a failure of £23,000, which is due to the Wurôra Colliery not having been brought into operation during the year, and also to decreased fees at Cooper's Hill.

State Railways increased their receipts from £130,986 in 1874-75, to £277,000, or by £146,000. The growth will be nearly as rapid in the coming year.

Improvement in Expenditure, 1875-76

Proceeding now to the expenditure for 1875-76: the saving of £35,000 in *Interest* is owing to the Loan of this year having been taken later than was at first anticipated, and to the whole interest due in the year not having been drawn.

Refunds, £18,000 better than estimate.

Opium.—A saving of £84,000. The expenditure depends on the season; but £2,200,000 seems to be about the normal figure.

Stamps, £17,000; a saving in supplies from England.

Guaranteed Railway Interest.—This heading shews the large improvement of £581,000. The chief part of the improvement is caused by a transfer in account, £330,000 expended on repairs to damages occasioned by flood, were in a former year charged against Revenue. This has now been debited against Capital and a corresponding credit has been made to Revenue. But there has been also a large real growth of £251,000 in the revenue of the year, being partly normal increase of traffic, and partly increase of traffic due to the stimulus to travelling caused by the visit of His Royal Highness the Prince of Wales.

Increased Expenditure for 1875-76

The following are the most noticeable excesses of expenditure over the budget estimate:—

Interest on Service Funds and other accounts, £15,000. Increase in Savings Bank balances

Salt, £16,000. Increase of stock at Madras covered by increased revenue.

Administration, £87,000, caused by unusual demands for stationery from England.

Minor Departments, £10,000, arising from the payment to the Asiatic Society of Bengal of £15,000 as compensation for their claim to accommodation in the new building constructed for the Indian Museum.

Marine, £67,000. The excess is caused by the necessity to provide a Light-ship for the Sandheads, and a Dredger for Cochin.

Allowances and Assignments, £10,000; an advance to meet the marriage expenses of daughters of the King of Oudh.

Superannuation allowances, £128,000; due to the repayment of £145,000 to retiring members of the Bengal Medical Fund, as already explained.

Loss by exchange.—The rate taken in the budget was 1*s.* 9·87*d.* In the earlier months the drawings of the Secretary of State were not unfavourable; but as the year advanced, the rate rapidly fell, and for the last two months the Home Government ceased to sell any bills on India. To the end of January £12,976,000 had been raised at the cost of Rs. 14,38,62,000; so that the loss amounted to £1,410,000 calculated at the rate of 2*s.* per rupee, to which £15,000 must be added for miscellaneous items. The loss estimated in the budget was £1,390,000; and the increased charge is £35,000. It would, of course, have been very much greater had the full amount estimated (£14,300,000) been negotiated in the ordinary way.

Provincial allotments.—There is an advance on the estimates of £85,000 mainly in consequence of grants to Madras in aid of repairing damages by flood in Nellore, an additional grant to Burmah of £50,000, and a similar grant to Assam of £13,000.

Public Works Ordinary cost more than the estimate by £88,000. Additions had to be made to the grant during the year, amounting to £78,000; and £10,000 were added by the Secretary of State by transfer from the Army on account of furlough allowances.

State Railways shew an excess of £41,000; but this is more than covered by increased income.

Land and Supervision for Railways.—The over-expenditure of £4,000 is on account of land required for a Church and recreation ground at Parell for the employés of the Bombay Railways.

The expenditure for Public Works extraordinary, (*i. e.*, reproductive) was estimated at £4,300,000. It is now expected to be £4,143,000.

Budget of 1876-77

BUDGET OF 1876-77.—Having now explained the Regular estimate of 1875-76, and shown the circumstances under which the expected charges vary from those of the budget as framed last year, we proceed to consider the budget for the ensuing year 1876-77.

Affected by the fall in the value of Silver.

In approaching the budget of 1876-77, we are met at the threshold by the depreciation of silver in relation to gold and the fall in the rate of exchange, and by the consequent excess in the cost of supplying the Home Treasury with funds to meet the expenditure in England. Last year a fair and reasonable rate to be sustained as an average was assumed at 1*s.* 9·87 for the rupee, giving a debit against India (on £14,300,000 at the rate of 2*s.* per rupee) of £1,390,000. But during the year, an unexpected disturbance has depressed the silver market, and after many sudden

and spasmodic fluctuations, we can hardly at the present moment calculate on a rate which shall not be largely below what was considered last year to be safe. Now, a fall to such an extent, when calculated on the Fifteen millions sterling to be remitted by India to England, is equivalent to an additional charge of above a Crore of rupees. Consequently, if our estimates had been framed, with the same rate of exchange as last year, to yield the surplus of even a Million sterling, the whole of that surplus would be swallowed up by this single item of Exchange.

This, stated broadly, is very much what has actually happened in our budget estimates for the coming year. Apart from the sudden depression in the exchange, a satisfactory growth in every branch of the revenue would have enabled us to shew the surplus of a Million sterling. Before considering the cause which not only threatens the loss of this surplus, but hangs heavily upon our future, it will be advisable to review as usual the details of Revenue and Expenditure, and to explain the nature, extent, and reasons of the gain or loss apparent under the several heads of account.

Estimate of Receipts for 1876-77.

On the Revenue side, the first point to be noticed is that we have taken opium at Six millions sterling net. It was mentioned in the last Financial Statement, that for several years the estimate for opium had never been put above Five and a half millions net, notwithstanding that the actual revenue year by year would have justified a much higher estimate; an increase of a quarter of a million was taken accordingly for 1875-76, placing the estimated net revenue for that year at Five millions and three quarters. The Regular estimate justifies us in expecting a net revenue of £6,233,000, and this, as has already been shewn, in the face of some drawbacks. The average net revenue from opium during the past eight years has been £6,524,000,* and it has never in any one year fallen as low as Six millions; consequently we have felt no hesitation in taking the budget estimate for the coming year at Six millions net. The increase has been taken by raising the receipts by £150,000, and diminishing the expenditure by £100,000. As opium is one means by which China is paid for the tea it gives to England, the difficulty in the exchange transactions with the East will probably tend to quicken the export of opium in the coming year; and this may be held an additional reason for taking a fuller estimate than hitherto. Looking to the past there is every reason to anticipate that even this estimate will be exceeded; but as we are taking a quarter of a million more than we did last year, the excess on the estimate, whatever it may turn out, will of course be, by so much, less;—a point which must not be left out of view in judging of the margin on the entire budget.

		£
* 1868-69	...	6,731,000
1869-70	...	6,131,000
1870-71	...	6,032,000
1871-72	...	7,657,000
1872-73	...	6,871,000
1873-74	...	6,324,000
1874-75	...	6,215,000
1875-76 (Regular estimate)	...	6,233,000
Average	...	£6,524,000

Land Revenue shews an increase of £9,000, notwithstanding that a loss of about £40,000 is anticipated from drought in Madras. This branch of the revenue grows slowly but surely.

Tributes.—Here there is a falling off of £23,000 partly from the capitalization of the Indore tribute having been completed, and the consequent cessation of income from that quarter; and partly from certain succession fees realized in 1875-76 not being likely to recur next year.

Forest shews a small net decrease in the estimates; but we hope to reach at least the same net revenue as in the current year.

Excise.—The revenue under this head is rising rapidly; the income of 1875-76 shews, as we have seen, a net increase of £117,000, and we look for a further advance in the coming year of £35,000. This increase, if realized, will be obtained, not from increased consumption, but, as we trust, from a more effective administration of the department and from the increase of the duty on spirit (from Rs. 3 to Rs. 4 per gallon), which, if illicit dealings be suppressed, should tend materially towards the lessening of consumption.

Customs.—The Customs Revenue of the expiring year is so prosperous (being the highest, in point of fact, since 1861-62), that we have hesitated to take it as the standard for next year. Commerce has no doubt been stimulated to some perceptible extent by the relief granted in the Tariff Act; but we are yet too near the event to calculate with confidence what will be the permanent rebound of trade from that cause. On the other hand, there was a loss of about £308,000 from reduction of tariff duties and values; and as this did not take effect till one-third of the year had passed, we must reduce the present year's estimate by £85,000, or say from £2,705,000 to £2,620,000. In refraining from a higher estimate, the possible effect of the exchange in deranging trade has not been lost sight of.

	Customs.	£
1861-62	.. ...	2,852,000
1875-76	. ...	2,705,000

Salt.—The revenue under this head is in a highly prosperous condition, as well in Madras and Bombay as on the Inland line. In Bengal the receipts have fallen considerably (by about £100,000); this is attributable partly to duty formerly levied at Calcutta on salt imported from Bombay, being now taken prior to export at Bombay; the cheaper salt of Madras has also been pushing its way towards Orissa; and similarly the measures in progress for cheapening the western salts are believed to be producing a corresponding result by displacing sea-borne salt on the confines of Behar and the North-Western Provinces. The sum realized in all India for salt in 1874-75 was £6,227,300; in 1875-76 we expect £6,286,000. For 1876-77 we have not thought it prudent to take the estimate higher than £6,300,000.

Stamps.—There is here a steady growth of about £25,000 per annum; and we have ventured, though against the practice of previous budgets, to calculate upon the greater part of this increase for next year. The revenue of 1874-75 was £2,758,000—we expect £2,815,000 in 1875-76; and we have taken £2,837,000 for next year. Every effort will be made to render this branch of the revenue, which suffers to some extent from fraud and evasion, more effective. To secure these objects, certain revisions of the existing law are now under consideration.

The *Mints* are estimated to bring a somewhat larger income than in the current year, and the charges are also decreased.

The *Post Office*, which yielded £739,400 in 1874-75, is expected to give £759,000 in the present year, and £778,000 in the next. The increase of charge, as will be seen from the opposite sheet, is £26,000, so that there will be a net decrease of £7,000. There would have been a considerable net improvement but for the intended reduction of English postage from 8 to 6 annas. Considering, however, the value of the concession in reduced English postage to the public, this small loss need not be grudged, and it will indeed probably, in the course of time, be recouped by increased correspondence.

Telegraph.—As before explained, the increase of receipts in the expiring year was caused by the stoppage of the Red Sea line, which stimulated the business of the Indo-European lines. The Red Sea line being now repaired, the increase in 1874-75 of £13,000 must be foregone in the coming year; and it appears, therefore, as a falling off.

Law and Justice.—This head remains unaltered. Such improvement as is possible has been considered under *Stamps*, to which, as already observed, there have been of late from this head considerable transfers.

Marine shews little change.

Interest.—The falling off of £50,000 is caused chiefly by the sale of the Government shares in the Presidency banks.

Receipts in aid of Superannuation and other allowances.—The large falling off under this head of £156,000 has been explained in the remarks for 1875-76. It arises from the retirement from the Bengal Medical Fund of above 100 subscribers, and the exhaustion of the balances at the credit of that fund. But there is a corresponding reduction of £148,000 on the opposite page, so that the net decrease is only £8,000.

Gain by exchange.—There was an improvement in 1875-76 of £49,000. The gain in the coming year is estimated at £27,000 less than that.

Miscellaneous.—There was an increase on the estimate for 1875-76 of £92,000, arising from certain unforeseen credits not likely to recur. The estimate for next year accordingly anticipates that the income will be less than in this year by £13,000.

Army.—The receipts are estimated to fall short of the budget figures of the current year by £29,000, and of the Revised estimate for the same by £133,000. This is partly due to the exclusion of certain transfer adjustments from both sides of the account.

Public Works.—The receipts are estimated at more than those of the expiring year by £12,000.

Irrigation shews an estimated decrease in income of £2,000. The revenue is growing; but it is subject to fluctuations, as the water is more in demand in some seasons than in others; for example, favorable rain has limited the necessity for irrigation in the Punjab during the present year.

State Railways.—Here we have a rapidly growing revenue. In 1874-75 the gross income was £130,986; in 1875-76 we expect £277,000; and in the coming year the receipts are estimated at £415,000, being an advance of £138,000. Putting the charges at £297,000, we expect from this source a net return of no less than £118,000.

REVIEW OF RECEIPTS FROM ALL CIVIL DEPARTMENTS.

We have now gone over all the heads of income, and may review the entire result. We find, then, that the Civil Departments as a whole (omitting the four last heads which belong to the Army and Public Works) promise to yield us in the coming year £48,577,000. The budget estimate of the same departments for the expiring year was £48,057,000; so that the estimated income of the coming year is better than that of the current, by £520,000; or, if we deduct the increase taken on the opium estimate, by £370,000.

SAME RECEIPTS, ADDING ARMY AND PUBLIC WORKS.

Adding now the remaining four heads, we find that the aggregate of all our receipts amounts to £50,480,000, compared with the corresponding entry in the budget for 1875-76 of £49,820,000; that is, it is better by £660,000 than last year's estimate; or, making allowance for the Opium increment, by £510,000.

As most of the improvement is the out-come of a progressive advance in the leading branches of the revenue, it may be safely concluded that the sources of Imperial income are in a sound condition; and indeed, that they never gave better promise of prosperity.

Estimates of Expenditure in 1876-77.

Turning now to the expenditure of the coming year, we shall find that, apart from the question of exchange, the estimates are upon the whole not less satisfactory than those of the revenue.

Interest.—Here the estimate is a growing one, in consequence of the amount borrowed last year, and also of the arrangements proposed for the present year, as will be further explained below. The excess over the Revised estimate of the expiring year is £187,000.

The funded debt at the close of 1875-76 is estimated as follows:—

Rate of interest.	In rupees.	In sterling.	Total sterling (£1 = Rs. 10).	Interest.
			£	£
5½ ...	10,20,06,700	..	10,200,670	561,037
5 ...	1,09,59,000	17,200,000	18,295,900	914,795
4½ ...	16,02,65,700	...	16,026,570	721,196
4 ...	45,31,20,415	32,380,116	77,692,157	3,107,686
3½ ...	6,52,000	...	65,200	2,282
Nil ...	6,09,300	25,167	86,097	...
TOTAL ...	72,76,13,115	49,605,283	122,366,594	5,306,996

Thus the total funded debt of India (irrespective of £96,000,000 the capital of Guaranteed Railways) is £122,366,594, and the average interest 4·33696 per cent. Provision is made in 1876-77 for a full year's interest on the

existing debt and for interest on the sum which may be borrowed in the coming year.

The sum of £2,500,000 was raised in India by loan in 1875 at an average premium of Rs. 2-4-1¼ per cent.; £110,000 was received from the Maharaja Holkar, and £250,000 is in course of receipt from Maharaja Sindhia; £60,000 was received from the Maharaja of Punnah, and £20,000 from the Raja of Dhenkanal.

The premium received in 1875-76 (credited under debt) was £58,268

The following statement will prove of interest as shewing the proportion of the registered rupee debt which is held by Europeans and by natives of the country respectively:—

Date	Held by Europeans	Held by Natives of India	Total	Percentage of the debt held by Europeans.	Percentage of the debt held by Natives of India
	Rs	Rs	Rs		
31st December 1869	50 37,75,198	14 62,54 114	65,00,29,312	77 50	22 50
Ditto 1870	52 53 45 623	13 31 25 640	65,87,71 263	79 75	20 25
Ditto 1871	49 43,57 593	16,25,39,502	65 68,97 095	75 26	24 74
Ditto 1872	50,77 72,763	14 96,14,056	65 71,16 819	77 24	22 76
Ditto 1873	48 71 65 593	16 50,45 672	65 25 11 265	74 70	25 29
Ditto 1874	50 69,90 153	17 10 85 447	67,80 75 600	74 77	25 23
Ditto 1875	54 20,14,487	17,14,12,983	71,64,57 470	75 66	24 34

Interest on Service Funds, &c., remains steady.

Refunds.—£300,000 is found to be the sum that must ordinarily be provided under this head, which cannot be closely estimated in detail. It is £18,000 in excess of the Revised estimate for the current year.

Land Revenue.—A small decrease of £29,000, chiefly in consequence of reduced Settlement establishments.

Forest also shews a slight reduction.

Excise, Customs, Salt, and *Stamps,* shew variations so small as to require no special remark.

Mint.—A decrease of £13,000 already touched upon; as also the increase of £26,000 in *Post Office* and decrease of £5,000 in *Telegraphs.*

Administration affords the considerable decrease of £107,000 in consequence of a smaller demand for stationery, and also of the transfer of the Indian Museum in London to "Minor Departments."

Minor Departments.—This head, notwithstanding the above transfer, gives a decrease of £22,000 from retrenchments in Surveys and other savings.

Law and Justice.—The expenditure under this head, which tends constantly to grow, has increased in the coming year's estimate by £32,000 This is due to an improvement in the position of the Punjab Judicial Establishments, and also to measures for raising the salaries of ministerial establishments in the Bombay presidency and Scinde.

Marine gives a saving over the Regular estimate for 1875-76 of £80,000, owing to the extra charges for that year already explained not having been repeated in the present.

Ecclesiastical and *Medical* call for no remarks.

Allowances and Assignments are less by £9,000, the charges for the Ex-King of Oudh's family before explained, not recurring in 1876-77.

Superannuation allowances.—The decreased charge has been explained under the corresponding head on the opposite page.

Loss by exchange.—Reserved for further explanation.

Allotments for Provincial Services.—The extra grants of 1875-76 will not be repeated in the coming year, thus giving a retrenchment of £84,000.

Famine relief.—There will be no charge on this account next year.

The Army.—We have here a large increase on the budget estimate for 1875-76 of £296,000, and on the Regular estimate of no less than £654,000. It occurs almost entirely on account of Home charges for European troops and supplies for the same. But it is to a considerable extent nominal,—payments expected to occur in 1875-76 having been postponed to 1876-77.

Public Works.—The Government have been obliged, with much regret, to reduce the grant by £122,000 from the amount assigned in 1875-76 for Military works and other buildings; hence the improvement under this head.

State Railways.—As the system rapidly extends, and new lengths are being opened for traffic, increased establishments and working charges become necessary; and these are represented by the enhancement in charge of £76,000. But, as we have seen, the expenditure will be amply recouped by a growing revenue.

Guaranteed Interest less net traffic receipts.—The net charge for interest will be very much the same as in 1874-75, although the receipts were in that year swelled by increased traffic in grain caused by the famine. Compared with 1875-76, however, there is an increase of net charge for interest, amounting to £258,000, which arises from the transfer in 1875-76 of a considerable sum from Revenue to Capital, as before explained. The following are the estimated net traffic-receipts, compared with those of the two previous years; and when we take into account the special receipts of the Railways, in 1874-75 owing to the Famine, and in 1875-76 in consequence of the visit of His Royal Highness the Prince of Wales, the prospect may be held encouraging.

	£
1874-75 actual accounts	3,419,322
1875-76, Regular estimate (less £330,000) ...	3,355,000
1876-67 Budget estimate	3,170,000

REVIEW OF THE TOTAL EXPENDITURE IN THE CIVIL DEPARTMENTS

Reviewing, as before, the expenditure for the purely Civil Departments, we shall first compare the charges, omitting the two heads of Famine and Loss by exchange, with those of former years. In 1874-75 the expenditure was £27,752,000. The budget estimate for 1875-76 was £27,733,000; and the Regular estimate is £28,278,000. The budget estimate for the coming year is £27,813,000; so that we have an estimated decrease in the charges of £435,000.

THE SAME, ADDING ARMY AND PUBLIC WORKS.

If to this account we add the remaining heads for Army and Public Works, we find the results still favorable. The budget estimate for the current year on all these heads was £17,924,000; and the Regular is £17,663,000. The estimate for 1876-77 is £18,004,000, being little more than the amount in the current year, notwithstanding the largely increased charge for the present budget for the Army. It is clear, therefore, that our expenditure is well in hand; and that, upon the whole, credit may be claimed for the budget estimates having been generally prepared and checked with great care and a due advertence to economy.

EFFECT ON BUDGET OF FALL IN EXCHANGE

Let us now consider what the surplus would have been, taking the "Loss by exchange" at no greater amount than the estimates of former years. If we had had the same charge under this head as in 1874-75, (*viz.*, a remittance of £10,841.614 at an exchange of 1*s.* 10·22*d.* per rupee), our present budget would have shewn a surplus of £1,578,122; and if we could even have taken the same charge as in the current year, when £1,390,000 were estimated for "Loss by exchange," (at the rate of 1*s.* 9·87*d.* per rupee), we should still have had a surplus of £1,086,000. Nothing can more fully establish the sound and satisfactory condition of the finances, apart from the remittances to England, than do these figures.

The change which has since come over the money market, however, has left us no option but to assume a rate so greatly below that which was adopted last year that it would entirely swallow up the surplus just mentioned, and more than that surplus, if taken upon a remittance of Fifteen millions which

is the anticipated requirement for the coming year of the Indian Government in England. But if any part of this sum were borrowed in England, the cost of providing for the charge would be proportionately diminished. It becomes necessary, then, at this stage of the Financial Statement, to anticipate the question of Ways and Means in general, and of a Loan in particular, with the view of explaining the conclusions which, after due communication with Her Majesty's Government, have been adopted in respect of the loan transactions of the year.

POLICY OF BORROWING FOR REPRODUCTIVE WORKS NOW AFFECTED

The sudden depreciation of silver, and the consequent enhancement of charge to the Government of India in laying down yearly the sum required in England of about Fifteen millions sterling, without doubt cast a grave shadow on the future. In truth, it may be said that the danger, from whatever point of view considered, is the gravest which has yet threatened the finances of India. War, famine, and drought have often inflicted losses on the Exchequer far greater than the charge which threatens us in the present year. But such calamities pass away; the loss is known and limited, and when it has been provided for, the finances again stand on sure and stable ground. This is not the case with the present cause of anxiety. Its immediate effects are serious enough, as has been already shewn. But that which adds significance to it is that the end cannot be seen; the future is involved in uncertainty. It may be that in the course of time the difficulty will be lessened or removed; it may be that the depreciation will continue, and involve the Government of India in embarrassments more serious even than those it now contemplates. It would at the present moment be unwise to speculate on either of these alternatives.

Accepting, then, the situation as grave and anxious, and the future as uncertain, the Government of India feels bound to review its position in respect of the considerable expenditure hitherto made year by year on Reproductive works from funds raised, as found necessary, by public loan. With a sudden loss in the year's estimate of a Million sterling, and with no assurance that the loss may not, for a time at least, assume still larger dimensions, the Government has felt that it is not now justified in adding to our future obligations by incurring any avoidable debt, even for the construction of works admitted to be beneficial to the country and in themselves remunerative. The Government of India would therefore, if it had been practicable, have altogether refrained, under the present aspect of affairs, from borrowing money for this purpose.

But such a course could not have been taken in the present year without great loss. The public works under construction are well in hand for gradual completion and eventual reduction of expenditure. But it will be evident that a sudden and extensive check would be both highly wasteful and on its merits inexpedient. Material has been provided; and it would be a spendthrift policy leaving it unused, if not even leaving it to deteriorate. Establishments have been entertained on a large scale for the rapid completion of the works; and these establishments cannot now be thrown adrift, or even at once materially diminished, without an expenditure in compensation that would swallow up the saving. It is also of much importance at the earliest possible period to complete the projects which are in course of construction, in order that the capital already expended on them may speedily bring in a return of revenue. This consideration applies both to Canals and Railways, but especially to the latter. It has been shewn in a former part of this Statement how productive the State railways are every year becoming; it would be a mistaken policy, therefore, not to press to completion those which are now in hand. But the Government of India, though thus unable immediately to stop the expenditure from borrowed funds, are resolved at once to contract the sphere of operations so far as it can be done with a due advertence to the considerations just advanced. In the programme of work for the coming year, an expenditure was contemplated of Four millions sterling. The estimate has been reduced (mainly by retrenchments from the irrigation budget) to £3,750,000. And so long as the present adverse prospects continue, this class of expenditure will be gradually

diminished, so as in the end, if need be, entirely to obviate borrowing for the purpose. Speaking broadly, the works in hand, both for Irrigation and State Railways, are estimated at a further cost of Fourteen millions, or deducting the sum to be spent in 1876-77, Ten millions and a quarter.* This is the limit of our present liability.

The same considerations must weigh with the Government of India in contracting as far as possible the loans which it has heretofore freely made to municipalities and native states. So long as the cash balances were overflowing, this was one of the most useful ways in which they could be employed. But a strain will now be put upon our reserves, and consequently the resources hitherto used for the purpose will no longer be available, except in cases of unusual urgency.

LOAN OF £3,000,000.

It has been shewn that the Extraordinary expenditure for Reproductive works is estimated at £3,759,000. In order to provide this, and still to leave a sufficient closing balance, it is necessary that a sum of £3,000,000 be raised on loan. With this assistance, it is calculated that we may end the year with an aggregate cash balance of £15,228,540; of which £13,552,614 would be in the Treasuries in India, and £1,675,926 in the Home Treasury.

Of the loan of Three millions, it is expected that £360,000 will be received from the Maharajas Scindia and Holkar in aid of the Railways under construction in their States; and this will leave £2,640,000 to be borrowed by Her Majesty's Secretary of State in England. It would obviously, with the present uncertainty hanging over silver, and the disturbed condition of the money-market in India, have been contrary to good policy to raise the loan in India.

To the extent, then, of £2,640,000, the Home Treasury will be provided by loan in England, and the Secretary of State's drawings upon India will be by so much diminished. Instead of being Fifteen millions, with the additional sum of a Million and a half to make up for short drawings in the current year, they will be reduced to £13,660,000; and on this sum we estimate the loss by exchange at £2,332,000. The estimate has been framed on the best assumptions which it is in the power of the Government at the present moment to make; but in view of the instability of the Exchange-market and the violent oscillations that have recently occurred, it is impossible to foretell results, or to say that the loss may not be much greater. The effect of borrowing, as proposed, in England will be to diminish in our accounts the "Loss by exchange" by £450,000.

WHOLE EXPENDITURE, 1876-77.

We are now in a position to estimate the entire expenditure for the coming year, including the sum which we have taken for Loss by exchange, and we find the grand total of ordinary charge to be £50,336,000. The budget estimate for the expiring year was £49,314,000; the excess of £1,022,000, as has been explained, is almost wholly attributable to Loss by exchange.

It has been seen that we look for an income of £50,480,000; consequently the budget shews the surplus of £144,000.

The position, then, of the Government of India is this: Owing to our great remittances to England, the future of our finance, and the success even of the present budget, will essentially depend upon the course of exchange, seeing that at the point to which the rates have become depressed, the variation of even a farthing involves a gain or loss of nearly Two

* In the Irrigation Department the works in hand are estimated at a total cost of £14,336,000. Of this it is estimated that £8,639,000 will have been spent to the close of 1875-76; leaving the Government liable for the completion of these works in a sum of £6,697,000.

Similarly, the total outlay for State Railways now in hand is estimated at £18,100,000: of which £10,780,000 will have been spent to the close of this year; leaving £7,320,000 to be met for their completion.

Or combining both classes of works, the liability of Government would be discharged for their completion by an estimated expenditure of £14,017,000. And as the canal series will not be completed till 1883, this expenditure will be spread over several years.

Three other Railways are of pressing importance, the estimated cost of which exceeds exceeds Three millions and a half;* but if the present financial depression should continue, it may be necessary to postpone their construction.

	£
Nagpore to Chutteesgurh	840,000
Neemuch and Nusseerabad	825,000
Western Rajpootana	1,850,000
	£3,515,000

hundred thousand pounds. But the future is enveloped in obscurity. While things remain in the uncertainty which now prevails, it has been deemed sufficient to frame the present budget so that it shall provide equilibrium between expenditure and income; and for the rest, until the problem of the eventual value of silver shall further unfold itself, to economize expenditure, develope every improvable source of revenue, and avoid fresh liabilities. It is at the least satisfactory to know that this misfortune, coming upon us as it has so suddenly and from so unexpected a quarter, finds all the springs of our revenue sound and prosperous;—a conclusion fully established by the present budget.

Cash balances.—What has gone before may supersede the necessity for any detailed explanation of the treasury balances. The closing balance of 1874-75 was taken in the Revised estimate at £18,386,198; it turned out actually to be £17,974,140, the balance in India having been less than was expected. For the current year it was estimated that we should end with the balance of £17,096,598; we expect now that the balance will be only £16,990,840. The combined balance would have been, as a result of the increased surplus, considerably more than this, but for the stoppage of drawings by the Secretary of State during the two last months of the year, and the consequent depletion of the Home Treasury to a greater extent than the Indian Treasuries have benefited by the surplus left in them. CASH BALANCES.

The balance at the close of 1876-77 is now estimated at £15,228,540, *viz.*, £13,552,614 in the Indian and £1,675,926 in the Home Treasury. These are lower reserves than have heretofore been deemed necessary. But in the present state of things, the Government of India would rather undergo some inconvenience from the inadequacy of its working balance, than borrow more than it can possibly avoid.

Loans to Native States, Municipalities, &c.—The following statement of these loans shews that in the five years ending with 1875-76 the net amount advanced has exceeded £2,200,000. LOANS.

	£
1871-72	417,211
1872-73	259,867
1873-74	457,164
1874-75	611,627
1875-66 (Regular Estimate)	461,500
1876-77 (Budget Estimate)	448,000

The Army.—The following comparison of the expenditure for the Army during the previous eight years with the estimates of 1875-76 and 1876-77 will be read with interest:— THE ARMY.

	England. Net expenditure.	India. Net expenditure.	Total net expenditure.
	£	£	£
1867-68, Actuals	3,483,000	11,861,000	15,344,000
1868-69 „	3,248,000	11,888,000	15,136,000
1869-70 „	3,479,000	11,768,000	15,247,000
1870-71 „	3,507,000	11,605,000	15,112,000
1871-72 „	3,587,000	11,147,000	14,731,000
1872-73 „	3,503,000	11,094,000	14,597,000
1873-74 „	3,327,000	10,890,000	14,217,000
1874-75 „	3,592,000	10,794,000	14,386,000
1875-76, Regular Estimate	3,449,000	10,865,000	14,314,000
1876-77, Budget Estimate	4,121,000	10,980,000	15,101,000

On this statement, Mr. Kellner, Accountant General, Military Department, makes the following remarks: "The expenditure of the first four years ended in 1870-71 included a charge of £90,000 for the Hazara Campaign. The expenditure of the next four years included the following extraordinary charges:—

	£
The Looshai and Duffla Expeditions	259,000
Camps of Exercise	90,000
Capitalized value of annuities to retired officers ...	195,000
TOTAL	544,000

"If these extraordinary charges be deducted from the net expenditure of the two periods, the remainder will give an average normal expenditure of £15,187,632 per annum for the first four years, and of £14,347,935 for the four years ended in 1874-75, being a reduction of £839,697 per annum.

"An examination of the returns of the effective strength of British and Indian troops during the same period brings out the following result:—

	British Troops.	Indian Troops.	Total.
Average effective strength from 1867-68 to 1870-71	56,989	122,270	179,259
Average effective strength from 1871-72 to 1874-75	59,993	119,379	179,372

"There were thus 3,000 British troops more, and a like number of Indian troops less, in the later period, the excess being explained by the fact that the effective strength of British troops in the country was considerably below the complement between the years 1867-68 and 1870-71, and the deficiency in the other case by the absorption of supernumerary Native soldiers entertained for the Abyssinian Expedition, and by the recent suspension of recruiting operations in the Madras Native Cavalry. If the average annual expenditure be divided by the average effective strength of British and Indian troops during the two periods (assuming that one British soldier is financially equal to 2½ Indian soldiers), the rate of expenditure for each man will be found to be £113·1 for the first four years, and £133·1 for the four years ended in 1874-75. And this reduction of expense has been effected simultaneously with considerable improvements in the pay, instruction, and equipment of the soldier."

TRADE STATISTICS, 1874-75.

Trade.—The foreign trade of India on which the prosperity of the Revenue, no less than of the country at large, must so greatly depend, continues to exhibit a steady and satisfactory advance. The imports (excluding stores and treasure on behalf of Government) increased from £37,137,000 in 1873-74, to £42,786,000 in 1874-75; and the exports from £56,840,000 to £57,904,000. The total trade thus rose from £94,277,000 to £100,690,000. The aggregate trade of the four years preceding 1873-74 stood at an average of £98,640,000, the average imports being £40,760,000, and the average exports £57,880,000, indicating a slow but steady increase in both the import and export trade.

Of the imports, the main articles of increase in 1874-75, as compared with 1873-74, were the following: *Cotton goods* in Bengal shewed an advance of above Two millions; *Metals* an increase of £384,000, and *Liquors* of £93,000. In Bombay, *Metals* shew an advance of £380,000, and *Machinery* of £166,000.

In regard to exports; in Bengal, *Raw Hides* and *Skins* gave an increase of £274,000; *Tea* of £193,000, and *Oil seeds* of £513,000. Bombay shows an advance in *Raw Cotton* of £1,951,000, and Madras a similar increase of £331,000; balanced, however, by a falling off in Bengal to the extent of £258,000. In *Seeds*, Bombay also gives an increase of £195,000. In Bengal there was a falling off in *Indigo* to the value of £646,400, and £190,000 in *Raw Jute*. In Madras also *Indigo* fell off by £309,000.

The statistics of *Tea* for the last fourteen years are highly encouraging. The average yearly quantity and value of the stock exported were as follows:—

	lbs.	£
1861-62 to 1863-64	2,215,758	176,281
1864-65 to 1868-69	6,378,869	506,843
1869-70 to 1873-74	16,057,545	1,386,800
1874-75	21,137,087	1,937,429

FIRST TEN MONTHS OF 1875-76 COMPARED WITH PAST YEARS.

So much for the course of trade to the close of March 1875. The improved arrangements for the compilation of statistics in the Department of Commerce enable us to give the continued progress of commerce to the end of January last, that is, for the first ten months of the official year 1875-76. The following comparison is taken from a memorandum prepared for the purpose in the Statistical Branch of that Department.

In the first ten months of 1873-74, the value of *imports* was £28,600,000; during the same period of 1874-75 (treasure being about three and a half millions in excess of the previous year), they were £34,800,000; and in the first ten months of 1875-76, £33,800,000. The *exports* for the same months are valued for 1873-74 at £44,700,000; for 1874-75 at £45,700,000; and for 1875-76 at £47,900,000. Total for 1873-74 £73,300,000; for 1874-75 £80,500,000; for 1875-76 £81,700,000. The advance is thus very marked and well sustained.

Among the items of increasing imports the most striking are these: *Machinery*, chiefly in Bombay, rose from £750,000 in 1873-74, to £1,200,000. *Metals* advanced similarly from £1,300,000 to £2,500,000; there is still, however, great room for improvement under this head; for in the two years 1868-69 and 1869-70, the average value annually imported was not less than Three millions and a half. The recent tariff arrangements will no doubt aid this trade.

Turning to exports, we find that *Raw Cotton* has maintained its position well, rising from 3,440,000 cwts. in 1873-74, to 4,300,000 cwts. in 1875-76. There is also an increase in the export of *Cotton Twist* and *Yarn*, which advanced from £105,000 to £197,000.

Wheat shews a great improvement; having been 998,000 cwts. in 1874-75, it rose in 1875-76 to 2,156,000 cwts.; that is to say, the export in the first ten months exceeded considerably the export for the whole year 1873-74, which is the highest on record.

A falling off in *Raw Hides* and *Skins* is compensated by a rise in the export of *Prepared Hides* and *Skins* from a value of £541,000 in 1874-75 to £988,000; —to which latter result the new tariff, by entirely freeing this article, no doubt materially contributed.

Raw Jute fell off from an export of 5,222,000 cwts. in 1873-74, to 4,159,000 cwts. in 1875-76. But the loss is partly met by the growth in the export of *Manufactured Jute*, chiefly in the shape of bags for Australia, which advanced from a value of £189,000 in 1873-74 and £182,000 in 1874-75, to £369,000.

Vegetable Oils increased from £197,000 in 1873-74, to £311,000.

But the most marked prosperity has been shewn in the export of *Seeds*, which increased from 4,632,000 cwts. in the first ten months of 1874-75, to above Eight and a half millions cwts. in the same period of 1875-76;—a success for which to a very great extent the late tariff measure by altogether freeing the trade may justly receive the credit.

Raw Silk declined from £673,000 in 1874-75, to £331,000.

Tea continues its steady advance, having in these ten months improved from a value of £1,591,000 in 1874-75, to £1,900,000 in 1875-76, the quantity being 17,230,000 lbs and 21,250,000 lbs in the two years respectively. This staple is rapidly establishing its character with the English public; while in 1869 the proportion of Indian tea to Chinese in the English market was but one-eleventh, the Statistical Department now estimates the proportion at one-sixth.

GUARANTEED RAILWAYS.

Guaranteed Railways—During the year a section of the Southern India line was opened, to which it is chiefly due that the open length of Railway increased from 5,592 miles at the close of 1874, to 5,693 at the close of 1875. The bridge at Cawnpore was also completed, thus establishing through communication between Lucknow and Cawnpore. At the end of this year 334 miles were under construction, of which 117 have since been opened.

The train mileage was less in 1875 than in the preceding year, in consequence of the cessation of grain traffic for the famine.

1874 ...	17,651,979
1875 ...	16,525,372

But passengers increased from 22,783,258, paying £2,127,320, to 24,445,400, paying £2,335,135, an improvement attributable in great measure to the visit of His Royal Highness the Prince of Wales. The goods traffic, for the cause already specified, fell off from 5,220,740 tons to 4,404,848; and the receipts from £5,143,064 to £4,488,473. The aggregate receipts amounted to £7,061,980, against £7,669,815 in the previous year.

The total capital expended on Guaranteed Railways and the Madras Irrigation and Canal Company, is by the latest account £94,131,484. The gross earnings for 1875-76 were estimated at £7,450,500. They are now expected to reach £8,175,300. This amount has been swollen by the large addition of £330,000, a sum spent formerly on the repair of flood damages, and which has now by transfer been debited to Capital and credited to Revenue. The working expenses for 1875-76 were estimated at £4,107,000; they will probably be £4,291,000. The net traffic income to be appropriated to the guaranteed interest (after deducting £202,583 being moiety of profits payable to shareholders) was estimated at £3,141,000; it will now (after deducting £208,385 as moiety) be £3,685,000. The gross interest payable under guarantee is expected to be £4,687,000; and, as already explained, the net charge (after deducting traffic receipts) estimated at £1,583,000, will probably be not more than £1,002,000.

STATE RAILWAYS.

State Railways.—The length of State Railways open for traffic at the close of 1875 was 616 miles, against 446 at the close of 1874. The additions consisted of 88 miles Rajpootana line; 20 miles of the Holkar line; and 62 of the temporary Metre Railway laid upon the Punjab Northern line. The Rajpootana line has also been brought into through communication with the East Indian Railway by the completion of the Agra bridge. At the close of 1875 the length under construction was 1,184 miles, and that under survey but not commenced, 559 miles.

The total extraordinary expenditure to the close of 1874-75 was £8,522,376; the estimated expenditure in 1875-76, £3,021,550; and the estimate for coming year, £2,850,000, which will raise the entire expenditure, as estimated at the close of 1876-77, to £14,393,926. The marginal statement will shew how rapidly the traffic in the State Railways is increasing, and what excellent prospects exist of a good return to the capital expended. Besides all this, we have the vast advantage to the country in the development of its resources and the social improvement anticipated from the increased facilities given to travelling.

Year.	Mean milage open.	Train mileage run.	Passengers carried.	Tons of goods.	Receipts.		
					Coaching.	Goods	Total.
					£	£	£
1874 ...	280	336,473	1,306,391	186,706	38,621	46,622	92,731
1875 ...	579	803,614	2,076,270	313,293	94,201	145,938	251,924

IRRIGATION CANALS.

Canals.—The following brief account of the state and prospects of Irrigation Works throughout India will prove of interest in connection with the expenditure and returns on this head.

	£
North-Western Provinces ...	4,535,690
Punjab	2,977,494
Bengal	3,651,322
Madras	1,773,755
Bombay	1,690,967
Burmah	227,487
Rajpootana	112,698
Oudh	44,125
Central Provinces	34,258
	£15,047,797

The aggregate capital outlay to the end of 1874-75 on canals for all India may be calculated, as in the margin, at Fifteen millions sterling; but this account is complete only in the Bengal Presidency and Burmah, the accounts of the expenditure in the Madras and Bombay Presidencies under the heads of Capital and Revenue never having been as yet completely adjusted.

The gross direct revenue from irrigation for 1875-76 is estimated at £529,000; but this return is imperfect, because excepting in the North-Western Provinces, the Punjab, and Bengal, the charge for water is are generally included in the Land Revenue in almost all the provinces, and in these three provinces the direct revenue amounts to £507,500, that is, to nearly the whole revenue just stated; so that it is in these three provinces alone that any trustworthy computation can be made as to the degree in which the State is receiving a direct return sufficient to compensate for the capital sunk. Steps are, however, being taken to secure a fair estimate of the proportion of the receipts in other prov-

faces due to water but now created under Land Revenue; and when these shall have been completed, it will then be possible to give a review of the returns yielded by the capital for all India.

The capital expended on the chief works of irrigation in the three provinces just named, is detailed below, together with the income and working expenses.

		Capital outlay to end of 1874-75	Revenue on 1875-76. Direct.	Indirect	Working expenses
		£	£	£	£
N. W. Provinces	Ganges Canal ...	2,767,721	217,010	56,100	104,892
	Eastern Jumna ...	219,469	61,530	22,100	21,643
	Agra ...	644,864	4,730	...	9,133
Punjab ...	Western Jumna ...	381,151	105,000	37,200	40,000
	Baree Doab ...	1,412,780	71,185	20,000	35,000
Bengal ...	Orissa Canal ...	1,551,950	4,300	...	21 532
	Midnapore ...	613,040	15,000	...	17,411
	Tidal ...	179,819	4,400	...	3,008
	Soane ...	1,262,174	6,000	...	11,893

The gross expected direct revenue amounts to £489,155, and the working expenses to £264,512; leaving a net profit of £224,623, or 2·48 per cent. on the capital. Adding the indirect revenue (that is, the improvement in the land revenue attributable to canal irrigation) the total net profit will be £360,013 thus raising the return to 4 per cent. on the outlay. Two of the canals, the Agra and the Soane, yield revenue this year for the first time; but the inclusion of their capital in the above account, while irrigation from them is as yet only partially developed, has reduced the percentage of profit on the canals in use and yielding revenue, which was shewn in last Financial Statement at about 5 per cent. The prospect of rapid development of the revenue from these two canals is good. On the Agra Canal the cultivators are eager for water, although the rates demanded are higher than on any other canal in the North-Western Provinces. On the Soane Canal, in consequence of apprehended drought towards the end of last summer, water was allowed to be taken before the channels for its distribution had been fully constructed. Over a large tract of country the harvest was no doubt thus protected, but the completion of the canal and its distributaries was thereby delayed. It is calculated that the returns on this canal will eventually yield above 8 per cent. on the outlay.

Serious damage was sustained by the Baree Doab Canal in consequence of the unprecedented floods of last September; but the greater portion of the injuries will be repaired before the ensuing monsoon sets in.

The area irrigated in the three provinces by the canals above enumerated during the current year is as follows:—

	Acres.
North-Western Provinces	979,735
Punjab	466,679
Bengal	147,802
Total ...	1,594,216 acres.

This statement shews a very great decrease in the Punjab, arising from the heavy and wide-spread fall during last Rains, and the seasonable showers in the winter months, which enabled the cultivators to dispense to a great extent with artificial irrigation.

The expenditure from Extraordinary funds during the year was as follows:—

	£
North-Western Provinces	350,000
Punjab	283,800
Bengal	418,715
Madras	67,745
Bombay	46,060

In the North-Western Provinces the chief expenditure was on the Lower Ganges Canal, which is making fair progress. The foundations of the great weir at Nurôra will, it is hoped, be completed before the Rains, and the excava-

tion and masonry works are in good train. The remodelling of the Upper Ganges Canal is proceeding steadily; and the works connected with the Agra Canal approach completion.

In the Punjab the chief expenditure (over £260,000) was on the Sirhind Canal, including £80,000 contributed by the States of Puttiala, Jheend, and Nabha, which are sharers in the undertaking. The remainder was chiefly spent on the Baree Doab and Western Jumna Canals, for the latter of which a masonry dam, thrown across the Jumna, successfully withstood the great floods of the autumn.

In Bengal £277,800 were spent on the Soane Canal and the remainder on the Orissa and Midnapore projects.

In Madras the greater part of the money was expended on works connected with the Godavery and Kistna delta systems; and in Bombay on the Moota-moolla and Scinde Canals. These latter advance slowly owing to the difficulty of obtaining labor;—which is the more to be regretted as without canals the greater part of the country would be desert.

PAPER CURRENCY. *Paper Currency.*—From January to August 1875 the Paper Currency varied but little from Eleven millions. In October it rose above Twelve millions, as it did in the corresponding month of 1873. Since October the amount has continued between Eleven and Twelve millions. There has, however, been considerable activity in the use of the paper as a means of remittance; and this chiefly, as is indicated by the increase of the coin reserve in Upper India, from the interior to the presidency towns.

MONEY ORDERS. *Money Orders.*—Arrangements have been put in operation for the interchange of money orders with several European countries, but as yet little advantage has been taken of the accommodation thus offered.

SAVINGS BANKS. *Savings Banks.*—The number of depositors in Savings Banks has increased in the course of the year 1874-75 by about 6,000. It now stands at about 74,000, and the aggregate of deposits at about £1,900,000.

SUMMARY. **Summary.**—To sum up the most important information and conclusions set forth in this Financial Statement.

For 1874-75 the Regular estimate shewed an expected surplus of £1,889,000; the actual account shows a surplus of £2,556,990.

For 1875-76 we last year estimated for a surplus of £506,000. We now expect the surplus under the Regular estimate to be £1,903,000.

The above figures are exclusive of expenditure on the Famine and on Reproductive works.

In the budget of 1876-77 we estimate for an income of £50,480,000; and for an expenditure of £50,336,000; thus providing for a surplus of £144,000.

The expenditure on Reproductive works has been reduced to £3,759,000.

The budget is based on the expectation that £3,000,000 will be borrowed during the year, and of this £2,640,000 by Her Majesty's Secretary of State in England.

Under this arrangement it is estimated that the cash balance in India will on 31st March 1877 stand at £13,552,614.

STATEMENTS.

I.

REVENUE AND EXPENDITURE OF THE GOVERNMENT

Estimates,

REVENUE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
CIVIL.							
I.—Land Revenue ...	21,296,793	21,379,000	21,372,000	...	7,000	21,381,000	+ 9,000
II.—Tributes and Contributions from Native States	724,972	700,000	723,000	23,000	...	700,000	— 23,000
III.—Forest	583,281	572,000	624,000	52,000	...	600,000	— 24,000
IV.—Excise on Spirit and Drugs	2,346,143	2,370,000	2,488,000	118,000	...	2,525,000	+ 37,000
V.—Assessed Taxes ...	2,747	...	...	...	...	...	...
VI.—Customs	2,678,479	2,670,000	2,705,000	35,000	...	2,620,000	— 85,000
VII.—Salt	6,227,301	6,208,000	6,286,000	78,000	...	6,300,000	+ 14,000
VIII.—Opium	8,556,629	8,050,000	8,449,000	399,000	...	8,200,000	— 249,000
IX.—Stamps	2,758,042	2,784,000	2,815,000	31,000	...	2,837,000	+ 22,000
X.—Mint	159,021	72,000	106,000	34,000	...	124,000	+ 18,000
XI.—Post Office ...	739,400	735,000	759,000	24,000	...	778,000	+ 19,000
XII.—Telegraph ...	286,479	290,000	303,000	13,000	...	290,000	— 13,000
XIII.—Law and Justice ...	321,798	319,000	316,000	...	3,000	316,000	...
XIV.—Marine	298,525	197,000	203,000	6,000	...	198,000	— 5,000
XV.—Interest	543,319	572,000	558,000	...	14,000	508,000	— 50,000
XVI.—Receipts in aid of Superannuation, Retired and Compassionate Allowances	698,641	634,000	750,000	116,000	...	594,000	— 156,000
XVII.—Gain by exchange on Transactions with London	395,335	325,000	374,000	49,000	...	347,000	— 27,000
XVIII.—Miscellaneous ...	278,144	180,000	272,000	92,000	...	259,000	— 13,000
Total ...	48,895,049	48,057,000	49,103,000	1,046,000	...	48,577,000	— 526,000
Army	988,845	907,000	1,011,000	104,000	...	878,000	— 133,000
Public Works, Ordinary ...	78,549	94,000	71,000	...	23,000	83,000	+ 12,000
Irrigation	476,748	532,000	529,000	...	3,000	527,000	— 2,000
State Railways	130,986	230,000	277,000	47,000	...	415,000	+ 138,000
GRAND TOTAL ...	50,570,177	49,820,000	50,991,000	1,171,000	...	50,480,000	— 511,000
Deficit, including Public Works, Extraordinary, but excluding Famine Charges	1,692,576	...	2,240,000	2,240,000	...	3,615,000	+ 1,375,000
Deficit, including Public Works, Extraordinary, and Famine Charges	3,930,436	3,794,000	2,896,000	...	898,000	3,615,000	+ 719,000

Fort William;
FINANCIAL DEPARTMENT,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

OF INDIA IN INDIA AND IN ENGLAND.

1876-77.

EXPENDITURE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
CIVIL.	£	£	£	£	£	£	£
1.—Interest on Funded and Unfunded Debt ...	5,032,486	5,208,000	5,173,000	...	35,000	5,360,000	+187,000
2.—Interest on Service Funds and other Accounts ...	379,568	376,000	391,000	15,000	...	390,000	—1,000
3.—Refunds and Drawbacks ...	319,916	300,000	282,000	...	18,000	300,000	+18,000
4.—Land Revenue ...	2,457,808	2,480,000	2,502,000	22,000	...	2,473,000	—29,000
5.—Forest ...	423,267	405,000	424,000	19,000	...	417,000	—7,000
6.—Excise on Spirit and Drugs	87,351	86,000	85,000	...	1,000	87,000	+2,000
7.—Assessed Taxes ...	1	*Nil*	*Nil*	...	...	*Nil*	...
8.—Customs ...	184,172	179,000	187,000	8,000	...	189,000	+2,000
9.—Salt ...	462,168	498,000	514,000	16,000	...	526,000	+12,000
10.—Opium ...	2,341,546	2,300,000	2,216,000	...	84,000	2,200,000	—16,000
11.—Stamps ...	125,451	123,000	106,000	...	17,000	103,000	—3,000
12.—Mint ...	131,093	90,000	107,000	17,000	...	94,000	—13,000
13.—Post Office ...	807,596	816,000	817,000	1,000	...	843,000	+26,000
14.—Telegraph ...	432,029	484,000	493,000	9,000	...	488,000	—5,000
15.—Administration ...	1,605,469	1,615,000	1,702,000	87,000	...	1,595,000	—107,000
16.—Minor Departments ...	320,541	299,000	309,000	10,000	...	287,000	—22,000
17.—Law and Justice ...	2,298,180	2,340,000	2,335,000	...	5,000	2,367,000	+32,000
18.—Marine ...	590,046	589,000	656,000	67,000	...	576,000	—80,000
19.—Ecclesiastical ...	161,724	161,000	160,000	...	1,000	162,000	+2,000
20.—Medical ...	181,579	180,000	182,000	2,000	...	184,000	+2,000
21.—Political Agencies ...	404,223	336,000	432,000	96,000	...	349,000	—83,000
22.—Allowances and Assignments under Treaties and Engagements ...	1,738,368	1,695,000	1,705,000	10,000	...	1,696,000	— 9,000
23.—Civil Furlough and Absentee Allowances ...	216,704	221,000	223,000	2,000	...	223,000	...
24.—Superannuation, Retired and Compassionate Allowances ...	1,779,956	1,816,000	1,944,000	128,000	...	1,796,000	—148,000
25.—Loss by Exchange on Transactions with London ...	897,878	1,390,000	1,425,000	35,000	...	2,332,000	+907,000
26.—Miscellaneous ...	122,037	77,000	189,000	112,000	...	78,000	—111,000
27.—Allotments for Provincial Services ...	5,148,744	5,059,000	5,144,000	85,000	...	5,060,000	—84,000
Famine Relief ...	2,237,860	...	656,000	656,000	...	...	—656,000
TOTAL CIVIL ...	30,887,761	29,123,000	30,359,000	1,236,000	...	30,175,000	—184,000
Army ...	15,375,192	15,683,000	15,325,000	...	358,000	15,979,000	+654,000
Public Works, Ordinary ...	2,504,255	2,654,000	2,742,000	88,000	...	2,532,000	—210,000
State Railways ...	183,883	180,000	221,000	41,000	...	297,000	+76,000
Land and Supervision (Guaranteed Railways) ...	55,394	91,000	95,000	4,000	...	93,000	—2,000
Guaranteed Interest, less net Traffic Receipts ...	1,244,562	1,583,000	1,002,000	...	581,000	1,260,000	+258,000
TOTAL ORDINARY ...	50,251,047	49,314,000	49,744,000	430,000	...	50,336,000	+592,000
Public Works, Extraordinary ..	4,249,566	4,300,000	4,143,000	...	157,000	3,759,000	—384,000
GRAND TOTAL ...	54,500,613	53,614,000	53,887,000	273,000	...	54,095,000	+208,000
Surplus, excluding Public Works, Extraordinary, but including Famine Charges...	319,130	506,000	1,247,000	741,000	...	144,000	—1,103,000
Surplus, excluding Public Works, Extraordinary, and Famine Charges	2,556,990	506,000	1,903,000	1,397,000	...	144,000	—1,759,000
Gross Guaranteed Interest ...	4,693,884	4,725,000	4,687,000	...	38,000	4,730,000	+43,000
Net Traffic Receipts ...	3,449,322	3,142,000	3,685,000	543,000	...	3,470,000	—215,000
Guaranteed Interest, less net Traffic Receipts ...	1,244,562	1,583,000	1,002,000	...	581,000	1,260,000	+258,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II.

REVENUE AND EXPENDITURE OF THE

Estimates,

REVENUE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
I.—Land Revenue ...	21,296,493	21,379,000	21,372,000	...	7,000	21,381,000	+9,000
II.—Tributes and Contributions from N. States ..	724,972	700,000	723,000	23,000	...	700,000	—23,000
III.—Forest	583,281	572,000	624,000	52,000	...	600,000	—24,000
IV.—Excise on Spirits and Drugs	2,346,143	2,370,000	2,488,000	118,000	...	2,525,000	+37,000
V.—Assessed Taxes ...	2,747	...	...	...	...	...	...
VI.—Customs	2,678,479	2,670,000	2,705,000	35,000	...	2,620,000	—85,000
VII.—Salt	6,227,301	6,208,000	6,286,000	78,000	...	6,300,000	+14,000
VIII.—Opium	8,556,629	8,050,000	8,449,000	399,000	...	8,200,000	—249,000
IX.—Stamps	2,758,042	2,784,000	2,815,000	31,000	...	2,837,000	+22,000
X.—Mint	158,989	72,000	106,000	34,000	...	124,000	+18,000
XI.—Post Office ...	739,400	735,000	759,000	24,000	...	778,000	+19,000
XII.—Telegraph ...	272,763	268,400	285,600	17,200	...	281,500	—4,100
XIII.—Law and Justice ...	321,798	319,000	316,000	...	3,000	316,000	...
XIV.—Marine	216,661	197,000	202,300	5,300	...	198,000	—4,300
XV.—Interest	463,807	552,000	523,000	...	29,000	488,000	—35,000
XVI.—Receipts in aid of Superannuation, Retired and Compassionate Allowances	603,833	542,400	658,000	115,600	...	504,400	—153,600
XVII.—Gain by Exchange on Transactions with London	395,335	325,000	374,000	49,000	...	347,000	—27,000
XVIII.—Miscellaneous ...	247,665	172,000	254,000	82,000	...	238,400	—15,600
TOTAL ...	48,594,338	47,915,800	48,939,900	1,024,100	...	48,438,300	—501,600
Army	963,508	880,000	904,800	24,800	...	840,800	—64,000
Public Works, Ordinary ...	61,406	75,200	53,600	...	21,600	65,000	+11,400
Irrigation	476,450	532,000	529,000	...	3,000	527,000	—2,000
State Railways	130,986	230,000	277,000	47,000	...	415,000	+138,000
TOTAL ORDINARY ...	50,226,688	49,633,000	50,704,300	1,071,300	...	50,286,100	—418,200

Fort William;
FINANCIAL DEPARTMENT,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

GOVERNMENT OF INDIA IN INDIA.

1876-77.

EXPENDITURE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
1.—Interest on Funded and Unfunded Debt ...	2,841,940	3,045,200	3,012,100	...	33,100	3,106,400	+ 94,300
2.—Interest on Service Funds and other Accounts ...	379,568	376,000	391,000	15,000	...	390,000	— 1,000
3.—Refunds and Drawbacks ...	319,916	300,000	282,000	...	18,000	300,000	+ 18,000
4.—Land Revenue ...	2,452,969	2,477,700	2,496,900	19,200	...	2,467,800	— 29,100
5.—Forest	417,306	402,800	421,300	18,500	...	414,500	— 6,800
6.—Excise on Spirits and Drugs	86,992	86,000	85,000	...	1,000	87,000	+ 2,000
7.—Assessed Taxes ...	1	...	...	...	...	...	...
8.—Customs	184,153	179,000	186,800	7,800	...	189,000	+ 2,200
9.—Salt	462,136	498,000	513,700	15,700	...	525,600	+ 11,900
10.—Opium	2,341,282	2,300,000	2,215,300	...	84,700	2,199,000	— 16,300
11.—Stamps	66,219	74,000	70,700	...	3,300	71,700	+ 1,000
12.—Mint	116,000	73,600	80,100	6,500	...	79,000	— 1,100
13.—Post Office	747,388	752,500	752,400	...	100	760,400	+ 8,000
14.—Telegraph	349,854	395,000	400,500	5,500	...	381,300	— 19,200
15.—Administration ...	1,216,567	1,247,400	1,253,700	6,300	...	1,251,500	— 2,200
16.—Minor Departments ...	283,609	278,000	270,800	...	7,200	249,400	— 21,400
17.—Law and Justice ...	2,296,757	2,337,500	2,333,800	...	3,700	2,364,200	+ 30,400
18.—Marine	412,983	402,600	444,600	42,000	...	403,400	— 41,200
19.—Ecclesiastical	160,465	160,100	158,800	...	1,300	161,100	+ 2,300
20.—Medical	181,579	180,000	182,000	2,000	...	184,000	+ 2,000
21.—Political Agencies ...	365,925	303,000	415,900	112,900	...	293,400	— 122,500
22.—Allowances and Assignments under Treaties and Engagements ...	1,719,032	1,675,600	1,684,200	8,600	...	1,675,200	— 9,000
24.—Superannuation, Retired and Compassionate Allowances	680,093	695,500	807,000	111,500	...	586,000	— 221,000
25.—Loss by Exchange on Transactions with London ...	897,878	1,390,000	1,425,000	35,000	...	2,332,000	+ 907,000
26.—Miscellaneous ...	62,735	44,000	148,000	104,000	...	45,000	— 103,000
27.—Allotments for Provincial Services	5,147,844	5,058,400	5,143,300	84,900	...	5,059,400	— 83,900
Famine Relief	2,168,624	*Nil.*	656,000	656,000	...	...	— 656,000
TOTAL ...	26,359,815	24,731,900	25,830,900	1,099,000	...	25,576,300	— 254,600
Army	11,757,381	11,930,400	11,769,800	...	160,600	11,820,700	+ 50,900
Public Works, Ordinary ...	2,404,110	2,570,200	2,648,900	78,700	...	2,441,500	— 207,400
State Railways	183,883	180,000	221,000	41,000	...	292,000	+ 71,000
Land and Supervision (Guaranteed Railways)	55,394	91,000	95,000	4,000	...	93,000	— 2,000
	40,760,583	39,503,500	40,565,600	1,062,100	...	40,223,500	— 342,100
Public Works, Extraordinary...	3,116,338	3,600,200	3,398,000	...	202,200	3,015,900	— 382,100
GRAND TOTAL ...	43,876,921	43,103,700	43,963,600	859,900	...	43,239,400	— 724,200

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II

REVENUE AND EXPENDITURE AT THE HOME

Estimates,

REVENUE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with the Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
I.—Land Revenue ...	300	...	...	...	...	...	...
X.—Mint ...	32	...	...	...	...	...	...
XII.—Telegraph ...	13,716	21,600	17,400	...	4,200	8,500	—8,900
XIV.—Marine ...	81,864	...	700	700	...	...	—700
XV.—Interest ...	79,512	20,000	35,000	15,000	...	20,000	—15,000
XVI.—Receipts in aid of Superannuation, Retired and Compassionate Allowances	94,808	91,600	92,000	400	...	89,600	—2,400
XVIII.—Miscellaneous ...	30,479	8,000	18,000	10,000	...	20,600	+2,600
TOTAL ...	300,711	141,200	163,100	21,900	...	138,700	—24,400
Army	25,337	27,000	106,200	79,200	...	37,200	—69,000
Public Works, Ordinary ...	17,143	18,800	17,400	...	1,400	18,000	+600
Irrigation	298	...	...	...	...	...	...
GRAND TOTAL ...	343,489	187,000	286,700	99,700	...	193,900	—92,800

Fort William;
Financial Department,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

I.
TREASURY OF THE GOVERNMENT OF INDIA.
1876-77.

EXPENDITURE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with the Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
1.—Interest on Funded and Unfunded Debt ...	2,190,546	2,162,800	2,160,900	...	1,900	2,253,600	+92,700
4.—Land Revenue ...	4,839	2,300	5,100	2,800	.	5,200	+100
5.—Forest	5,961	2,200	2,700	500		2,500	—200
6.—Excise	359	...	...	...	...	...	..
8.—Customs ...	19	...	200	200	. .	* ...	—200
9.—Salt	32	...	300	300	...	400	+100
10.—Opium . ..	264	...	700	700	...	1,000	+300
11.—Stamps	59,232	49,000	35,300	...	13,700	31,300	—4,000
12.—Mint	15,093	16,400	26,900	10,500	.	15,000	—11,900
13.—Post Office	60,208	63,500	64,600	1,100	...	82,600	+18,000
14.—Telegraph	82,175	89,000	92,500	3,500	...	106,700	+14,200
15.—Administration ...	388,902	367,600	448,300	80,700	. .	343,500	—104,800
16.—Minor Departments ...	36,932	21,000	38,200	17,200	...	37,600	—600
17.—Law and Justice ...	1,423	2,500	1,200	...	1,300	2,800	+1,600
18.—Marine	177,063	186,400	211,400	25,000	...	172,600	—38,800
19.—Ecclesiastical	1,259	900	1,200	300	...	900	—300
20.—Political	38,298	33,000	16,100	...	16,900	55,600	+39,500
21.—Allowance, &c. ...	19,336	19,400	20,800	1,400	...	20,800	...
22.—Civil Furlough and Absentee Allowances ...	216,704	221,000	223,000	2,000	...	223,000	...
23.—Superannuation, &c. ...	1,099,863	1,120,500	1,137,000	16,500	..	1,210,000	+73,000
25.—Miscellaneous	59,302	33,000	41,000	8,000	...	33,000	—8,000
26.—Allotments for Provincial Services	900	600	700	100	...	600	—100
Famine Relief... ...	69,233	...	...	...	...	...	...
TOTAL ...	4,527,946	4,391,100	4,528,100	137,000	...	4,598,700	+70,600
Army	3,617,811	3,752,600	3,555,200	..	197,400	4,158,300	+603,100
Public Works, Ordinary ...	100,145	83,800	93,100	9,300	...	90,500	—2,600
State Railways	...	...	...	...	...	5,000	+5,000
Guaranteed Interest less Net Traffic Receipts	1,244,562	1,583,000	1,002,000	...	581,000	1,260,000	+258,000
	9,490,464	9,810,500	9,178,400	...	632,100	10,112,500	+934,100
Public Works, Extraordinary ...	1,133,228	699,800	745,000	45,200	...	743,100	— 1,900
GRAND TOTAL ...	10,623,692	10,510,300	9,923,400	...	586,900	10,855,600	+932,200

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

IV.

RECEIPTS AND DISBURSEMENTS AT THE TREASURIES OF

RECEIPTS	Accounts, 1874-75	Budget Estimates, 1875-76	Regular Estimates, 1875-76	Increase.	Decrease	Budget Estimates, 1876-77.	Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
I.—Opening balance	16,047,080	18,386,198	17,974,140	.	412,058	16,990,840	—983,300
II.—Imperial revenue	53,622,095	49,820,000	50,991,000	1,171,000	...	50,480,000	—511,000
III.—Traffic earnings of guaranteed railways	8,216,801	7,449,900	8,184,000	734,100		7,888,000	—296,000
IV.—Provincial revenue ...	6,963,723	10,832,700	7,010,000	645,300		5,959,000	—1,051,000
V.—Local revenue	3,781,435		4,468,000			3,454,000	—1,014,000
VI.—Service funds, civil ...	602,730	494,000	516,300	22,300		550,000	+33,700
VII.—Service funds, military	...	...	...		...	.	...
VIII.—Loans to native states, corporations and individuals repaid	190,027	131,000	146,400	15,400	.	152,000	+5,600
IX.—Savings banks deposits	730,873	826,000	716,500	..	109,500	700,000	—16,500
X.—Other deposits received & advances recovered	12,822,316	9,690,700	12,464,000	2,773,300		10,939,000	—1,525,000
XI.—Local remittances ...	779,513	298,000	132,900		165,100	300,000	+167,100
XII.—Inter-provincial and inter-departmental transactions ..	11,392,573	16,591,000	18,006,000	1,415,000	..	17,000,000	—1,006,000
XIII.—Remittance account with the home treasury ...	1,616,212	939,000	1,006,300	67,300	.	1,019,000	+12,700
XIV.—Secretary of State's bills on India sold	10,841,614	14,300,000	12,390,000	.	1,910,000	13,660,000	+1,270,000
XV.—Sundry obligations incurred .	570,934	502,000	522,000	20,000	...	500,000	—22,000
XVI.—Public debt incurred ...	9,147,333	3,300,000	4,405,700	1,105,700	...	3,470,000	—935,700
XVII.—Guaranteed railway capital received ...	2,268,429	2,147,900	2,972,700	824,800	...	2,271,700	—701,000
TOTAL ...	139,593,688	135,708,398	141,905,940	8,794,200	2,596,658	135,333,540	—6,572,400

Abstract of the above shewing how the

ACCOUNTS, 1874-75.	£		£	REGULAR ESTI	£
Savings banks deposits	9,936	Deficit of Imperial revenue ..	878,518	Service funds, civil ...	103,300
Deposits received and advances recovered ...	142,843	Deficit of provincial and local revenue ...	174,578	Savings banks deposits ..	96,300
Sundry obligations ...	217,616	Service funds, civil ...	2,987,501	Deposits received and advances recovered	504,400
Public debt incurred	8,398,168	Service funds, military ...	363,517	Public debt incurred ...	3,902,700
		Loans to native states, corporations and individuals	611,627	Cash balance reduced .	983,300
		Remittances	1,181,421		
		Cash balance increased ...	1,927,060		
		Guaranteed Railway Capital withdrawn	644,341		
TOTAL ..	8,768,563	TOTAL ...	8,768,563	TOTAL ...	5,590,000

Fort William;
FINANCIAL DEPARTMENT,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

DISBURSEMENTS.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates 1876-77.	Estimates, 1876-77, compared with Regular Estimates 1875-76.
	£	£	£	£	£	£	£
1.—Imperial Expenditure ...	53,256,051	52,031,000	52,885,000	854,000	...	52,835,000	—50,000
2.—Working expenses of guaranteed railways ...	4,767,479	4,307,900	4,499,000	191,100	..	4,418,000	—81,000
3.—Interest on guaranteed railway capital supplied from surplus earnings ..	4,693,884	4,725,000	4,687,000	...	38,000	4,730,000	+43,000
4.—Provincial expenditure ...	6,751,248	11,189,000	7,269,200	685,200	...	6,116,000	—1,153,200
5.—Local expenditure ...	4,168,488		4,605,000			3,574,000	—1,031,000
6.—Service funds, civil	3,590,231	433,600	413,000	...	20,600	461,000	+48,000
7.—Service funds, military ...	363,517	313,000	413,700	100,700	..	268,000	—145,700
8.—Loans advanced to native states, corporations and individuals ...	801,651	500,000	607,900	107,900		600,000	—7,900
9.—Savings banks deposits withdrawn ...	720,937	741,000	620,200		123,800	650,000	+29,800
10.—Other deposits repaid and advances made ...	12,679,473	8,595,000	11,959,600	3,364,600	...	10,835,000	—1,124,600
11.—Local remittances ...	1,366,428	298,000	310,300	12,300	...	300,000	—10,300
12.—Inter-provincial and inter-departmental transactions ...	12,301,105	16,591,000	17,017,000	426,000	...	17,000,000	—17,000
13.—Remittance account with the home treasury ...	1,033,825	1,030,000	1,253,800	223,800	...	1,366,000	+112,200
14.—Secretary of state's bills on India paid ..	11,109,975	11,300,000	13,065,000	...	1,235,000	13,660,000	+595,000
15.—Sundry obligations discharged ...	353,318	308,700	591,900	283,200	...	424,000	—167,900
16.—Public debt discharged ...	749,165	464,000	503,000	39,000	...	492,000	—11,000
17.—Guaranteed railway capital withdrawn ...	2,912,770	2,781,600	4,214,500	1,432,900	...	2,376,000	—1,838,500
18.—Closing balance ...	17,971,140	17,096,598	16,990,840	.	105,758	15,228,540	—1,762,300
TOTAL ...	139,593,688	135,708,398	141,905,940	7,720,700	1,523,158	135,333,540	—6,572,400

Ways and Means are provided.

MATES, 1875-76.

	£
Deficit of imperial revenue ..	2,896,000
Service funds, military ...	413,700
Loans to native states, corporations and individuals	461,500
Remittances	110,900
Guaranteed railway capital withdrawn .	1,241,800
Sundry obligations discharged .	69,900
Deficit of Provincial and Local Revenue ...	396,200
TOTAL ...	5,590,000

BUDGET ESTIMATES, 1876-77

	£
Service funds, civil ...	89,000
Deposits received and advances recovered .	104,000
Sundry obligations ...	76,000
Public debt incurred ..	2,978,000
Savings bank deposits	50,000
Cash balance reduced ...	1,762,300
TOTAL ...	5,059,300

	£
Deficit of imperial revenue	3,615,000
Deficit of provincial and local revenue ...	277,000
Service funds, military ...	268,000
Loans to native states, corporations and individuals	448,000
Guaranteed railway capital withdrawn ...	104,300
Remittances ..	347,000
TOTAL ...	5,059,300

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

V.

RECEIPTS AND DISBURSEMENTS AT THE TREA

RECEIPTS.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
I.—Opening balance ..	14,033,442	15,700,042	15,177,814	...	522,228	16,243,214	+1,065,400
II.—Imperial revenue ...	53,278,606	49,633,000	50,704,300	1,071,300	...	50,286,100	—418,200
III.—Traffic earnings of guaranteed railways	8,216,801	7,449,900	8,184,000	734,100	...	7,888,000	—296,000
IV.—Provincial revenue ..	6,963,723	10,832,700	7,010,000	645,300	...	5,959,000	—1,051,000
V.—Local revenue ...	3,781,435		4,468,000			3,454,000	—1,014,000
VI.—Service funds, civil ...	602,730	494,000	516,300	22,300	...	550,000	+33,700
VII.—Service funds, military	...	...	...	...	...	...	...
VIII.—Loans to native states, corporations and individuals re-paid ...	190,027	131,000	146,400	15,400	...	152,000	+5,600
IX.—Savings banks deposits	730,873	826,000	716,500	...	109,500	700,000	—16,500
X.—Other deposits received & advances recovered	12,743,070	9,687,700	12,461,000	2,773,300	...	10,935,000	—1,526,000
XI.—Local remittances ...	779,513	298,000	132,900	...	165,100	300,000	+167,100
XII.—Inter-provincial and inter-departmental transactions ...	11,392,573	16,591,000	18,006,000	1,415,000	...	17,000,000	—1,006,000
XIII.—Remittance account with the home treasury ...	1,476,365	844,000	889,300	45,300	...	879,000	—10,300
XIV.—Secretary of state's bills on India sold ...	...	...	...	...	...	...	...
XV.—Sundry obligations incurred ...	570 934	502,000	522,000	20,000	...	500,000	—22,000
XVI.—Public debt incurred	4,146,333	3,300,000	3,401,700	101,700	...	830,000	—2,571,700
XVII.—Guaranteed railway capital received ...	1,478,729	1,227,600	1,291,700	64,100	...	1,354,700	+63,000
TOTAL ...	120,385,154	117,516,942	123,627,914	6,907,800	796,828	117,031,014	—6,596,900

Abstract of the above showing how the

ACCOUNTS, 1874-75.

	£
Imperial revenue ...	9,367,556
Guaranteed railway traffic earnings ...	3,449,322
Deposits received and advances recovered ...	65,075
Savings banks deposits ...	9,936
Public debt incurred ...	3,398,168
Sundry obligations ...	217,616
Guaranteed railway capital received ...	137,307
TOTAL ...	16,644,980

	£
Deficit of provincial and local revenue ...	174,578
Service funds, civil ...	2,987,501
Service funds, military ...	363,517
Loans to native states, corporations and individuals	611,627
Secretary of state's bills paid	11,109,975
Remittances ...	253,410
Cash balance increased ...	1,144,372
TOTAL ...	16,644,980

REGULAR ESTI

	£
Imperial revenue ...	6,709,700
Guaranteed railway traffic earnings ...	3,685,000
Service funds, civil ...	103,300
Savings banks deposits ...	96,300
Deposits received and advances recovered ...	506,400
Remittances ...	1,544,100
Public debt incurred ...	2,898,700
TOTAL ...	15,543,500

Fort William;
Financial Department,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

SURIES OF THE GOVERNMENT OF INDIA.

DISBURSEMENTS.	ACCOUNTS, 1874-75.	BUDGET ESTIMATES, 1875-76.	REGULAR ESTIMATES, 1875-76.	INCREASE.	DECREASE.	BUDGET ESTIMATES, 1876-77.	ESTIMATES, 1876-77, COMPARED WITH REGULAR ESTIMATES, 1875-76
	£	£	£	£	£	£	£
1.—IMPERIAL EXPENDITURE ...	43,876,921	43,103,700	43,963,600	859,900	...	43,239,400	—724,200
2.—WORKING EXPENSES OF GUARANTEED RAILWAYS ...	4,767,479	4,307,900	4,499,000	191,100	...	4,418,000	—81,000
3.—INTEREST ON GUARANTEED RAILWAY CAPITAL SUPPLIED FROM SURPLUS EARNINGS ...	34,129	35,000	31,000	...	4,000	30,000	—1,000
4.—PROVINCIAL EXPENDITURE ..	6,751,248	11,189,000	7,269,200	685,200	...	6,116,000	—1,153,200
5.—LOCAL EXPENDITURE ...	4,168,488		4,605,000			3,574,000	—1,031,000
6.—SERVICE FUNDS, CIVIL ...	3,590,231	433,600	413,000	...	20,600	461,000	+48,000
7.—SERVICE FUNDS, MILITARY ...	363,517	313,000	413,700	100,700	...	268,000	—145,700
8.—LOANS ADVANCED TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS ...	801,654	500,000	607,900	107,900	...	600,000	—7,900
9.—SAVINGS BANKS DEPOSITS WITHDRAWN ...	720,937	744,000	620,200	...	123,800	650,000	+29,800
10.—OTHER DEPOSITS REPAID AND ADVANCES MADE ...	12,677,995	8,592,000	11,954,600	3,362,600	...	10,831,000	—1,123,600
11.—LOCAL REMITTANCES ...	1,366,428	298,000	310,300	12,300	...	300,000	—10,300
12.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	12,301,105	16,591,000	17,017,000	426,000	...	17,000,000	—17,000
13.—REMITTANCE ACCOUNT WITH THE HOME TREASURY ...	234,328	134,500	156,800	22,300	...	139,000	—17,800
14.—SECRETARY OF STATE'S BILLS ON INDIA PAID ...	11,109,975	14,300,000	13,065,000	...	1,235,000	13,660,000	+595,000
15.—SUNDRY OBLIGATIONS DISCHARGED ...	353,318	308,700	591,900	283,200	...	424,000	—167,900
16.—PUBLIC DEBT DISCHARGED ...	748,165	464,000	503,000	39,000	...	492,000	—11,000
17.—GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	1,341,422	1,231,900	1,363,500	128,600	...	1,276,000	—87,500
18.—CLOSING BALANCE ...	15,177,814	14,967,642	16,243,214	1,275,572	...	13,552,614	—2,690,600
TOTAL ...	120,385,154	117,516,942	123,627,914	7,494,372	1,383,400	117,031,014	—6,596,900

Ways and Means are provided.

MATES, 1875-76.

	£
SERVICE FUNDS, MILITARY ...	413,700
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	461,500
SECRETARY OF STATE'S BILLS PAID ...	13,065,000
CASH BALANCE INCREASED ...	1,065,400
GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	71,800
SUNDRY OBLIGATIONS ...	69,900
DEFICIT OF PROVINCIAL AND LOCAL REVENUE ...	396,200
TOTAL ...	15,543,500

BUDGET ESTIMATES, 1876-77.

	£
CASH BALANCE REDUCED ...	2,690,600
IMPERIAL REVENUE ...	7,016,700
GUARANTEED RAILWAY TRAFFIC EARNINGS ...	3,470,000
SERVICE FUNDS, CIVIL ...	89,000
SAVINGS BANKS DEPOSITS ...	50,000
DEPOSITS RECEIVED AND ADVANCES RECOVERED ...	104,000
REMITTANCES ...	740,000
SUNDRY OBLIGATIONS ...	76,000
PUBLIC DEBT INCURRED ...	338,000
GUARANTEED RAILWAY CAPITAL RECEIVED ...	78,700
TOTAL ...	14,653,000

	£
DEFICIT OF PROVINCIAL, AND LOCAL REVENUE ...	277,000
SERVICE FUNDS, MILITARY ...	268,000
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	448,000
SECRETARY OF STATE'S BILLS PAID ...	13,660,000
TOTAL ...	14,653,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

VI.

RECEIPTS AND DISBURSEMENTS AT THE HOME

RECEIPTS.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
I.—Opening balance ...	2,013,638	2,686,156	2,796,326	110,170	...	747,626	—2,048,700
II.—Imperial revenue ...	343,489	187,000	286,700	99,700	...	193,900	—92,800
III.—Traffic earnings of guaranteed railways	...	...					
IV.—Provincial revenue ...	...	...					
V.—Local revenue ...	...	...					
VI.—Service funds, civil ...	...	...					
VII.—Service funds, military	...	...					
VIII.—Loans to native states, corporations and individuals repaid ...	...	...					
IX.—Savings banks deposits	...	...					
X.—Other deposits received and advances recovered ...	79,246	3,000	3,000	...	...	4,000	+1,000
XI.—Local remittances ...	...	...					
XII.—Inter-provincial and inter-departmental transactions ...	...	...					
XIII.—Remittance account with the Home Treasury ...	139,847	95,000	117,000	22,000	...	140,000	+23,000
XIV.—Secretary of State's bills on India sold...	10,841,614	14,300,000	12,390,000	...	1,910,000	13,660,000	+1,270,000
XV.—Sundry obligations incurred ...	...	...					
XVI.—Public debt incurred	5,001,000	...	1,004,000	1,004,000	...	2,640,000	+1,636,000
XVII.—Guaranteed railway capital received ...	789,700	920,300	1,681,000	760,700	...	917,000	—764,000
TOTAL ...	19,208,534	18,191,456	18,278,026	1,996,570	1,910,000	18,302,526	+24,500

Abstract of the above showing how the

ACCOUNTS, 1874-75.				REGULAR ESTI	
	£		£		£
Secretary of State's bills sold ...	10,841,614	Excess of Imperial expenditure over revenue ...	9,035,641	Cash balance reduced ...	2,048,700
Deposits received and advances recovered ...	77,768	Interest on guaranteed railway capital ...	4,659,755	Secretary of State's bills sold ...	12,390,000
Public debt incurred ...	5,000,000	Remittances ...	659,650	Public debt incurred ...	1,004,000
		Guaranteed railway capital withdrawn ...	781,648		
		Cash balance increased ...	782,688		
TOTAL ...	15,919,382	TOTAL ...	15,919,382	TOTAL ...	15,442,700

Fort William;
Financial Department,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

TREASURY OF THE GOVERNMENT OF INDIA IN ENGLAND.

DISBURSEMENTS.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Increase.	Decrease.	Budget Estimates, 1876-77.	Estimates, 1876-77 compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£	£
1.—Imperial expenditure ...	9,379,130	8,927,300	8,921,400	...	5,900	9,595,600	+674,200
2.—Working expenses of guaranteed railways ...	...	...	...			...	...
3.—Interest on guaranteed railway capital supplied from surplus earnings	4,659,755	4,690,000	4,656,000	...	34,000	4,700,000	+44,000
4.—Provincial expenditure ...	...						
5.—Local expenditure ...	...						
6.—Service funds, civil ...	...						
7.—Service funds, military ...	...						
8.—Loans advanced to native states, corporations and individuals ...	...						
9.—Savings banks deposits withdrawn ...	...						
10.—Other deposits repaid and advances made ...	1,478	3,000	5,000	2,000	...	4,000	—1,000
11.—Local remittances ...	...						
12.—Inter-provincial and inter-departmental transactions ...	...						
13.—Remittance account with the home treasury ...	799,497	895,500	1,097,000	201,500	...	1,227,000	+130,000
14.—Secretary of state's bills on India paid ...	...						
15.—Sundry obligations discharged ...	...						
16.—Public debt discharged ...	1,000		...			...	
17.—Guaranteed railway capital withdrawn ...	1,571,348	1,546,700	2,851,000	1,304,300	...	1,100,000	—1,751,000
18.—Closing balance ...	2,796,326	2,128,956	747,626	...	1,381,330	1,675,926	+928,300
TOTAL ...	19,208,534	18,191,456	18,278,026	1,507,800	1,421,230	18,302,526	+24,500

Ways and Means are provided.

MATES, 1875-76.

	£
Excess of imperial expenditure over revenue ...	8,634,700
Interest on guaranteed railway capital ...	4,656,000
Deposits repaid and advances made ...	2,000
Remittances ...	980,000
Guaranteed Railway Capital withdrawn ...	1,170,000
TOTAL ...	15,442,700

BUDGET ESTIMATES, 1876-77.

	£		£
Secretary of state's bills sold ...	13,660,000	Excess of imperial expenditure over revenue ...	9,401,700
Public Debt incurred ...	2,640,000	Interest on guaranteed railway capital ...	4,700,000
		Remittances ...	1,087,000
		Guaranteed railway capital withdrawn ...	183,000
		Cash Balance increased ...	928,300
TOTAL ...	16,300,000	TOTAL ...	16,300,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

VII.

PROVINCIAL REVENUE AND EXPENDITURE.

Estimates, 1876-77.

REVENUE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Regular Estimates, compared with Budget Estimates, 1875-76.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£
Opening balance ...	230,441	283,055	442,916	+159,861	183,716	—259,200
Imperial allotment for provincial services ...	5,147,844	5,058,400	5,143,300	+84,900	5,059,400	—83,900
Special Allotment ...	...	...	830,000	+830,000	...	—830,000
Taxes, rates and cesses—						
On lands ...	...	...	...	...	...	...
On houses ...	1,058	1,200	1,350	+150	1,200	—150
Assessed taxes ...	...	...	...	...	...	...
Miscellaneous Taxes—						
Octroi ...	...	...	...	...	...	...
Licenses ...	...	...	...	...	...	...
Miscellaneous ...	...	...	...	...	...	...
	1,058	1,200	1,350	+150	1,200	—150
Departmental receipts—						
Jails ...	300,921	326,846	308,763	—18,083	329,077	+20,314
Registration ...	175,789	185,046	181,899	—3,147	191,923	+10,024
Police ...	78,384	90,838	80,054	—10,784	52,808	—27,246
Education ...	105,661	108,909	104,267	—4,642	102,778	—1,489
Medical ...	43,724	26,583	30,666	+4,083	30,973	+307
Printing ...	17,509	18,066	18,744	+678	17,564	—1,180
Marine ...	3,542	2,500	2,440	—60	2,450	+10
	725,530	758,788	726,833	—31,955	727,573	+740
Miscellaneous receipts—						
Tolls ...	3,204	4,930	3,800	—1,130	3,800	...
Port dues ...	...	...	...	...	...	...
Interest ...	...	...	...	...	...	...
Rents ...	135	164	440	+276	148	—292
Sale of lands, houses, &c.	...	...	...	...	...	...
Cattle trespass fines ...	...	...	...	...	...	...
Miscellaneous fees and fines	12,057	12,123	12,822	+699	12,035	—787
Voluntary contributions ...	763,814	350	...	—350	...	...
Sundry receipts ...	18,167	16,312	22,069	+5,757	24,894	+2,825
	797,377	33,879	39,131	+5,252	40,877	+1,746
Contributions ...	76,250	134,196	125,390	—8,806	30,650	—94,740
Public works ...	84,414	44,066	55,585	+11,519	45,333	—10,252
Total revenue ...	6,832,473	6,030,529	6,921,589	+891,060	5,905,033	—1,016,556
Debt accounts ...	131,250	92,100	88,411	—3,689	53,967	—34,444
GRAND TOTAL ... £	7,194,164	6,405,684	7,452,916	+1,047,232	6,142,716	—1,310,200

EXPENDITURE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Regular Estimates, compared with Budget Estimates, 1875-76.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£
Refunds ...	7,768	5,016	5,111	+95	5,137	+26
Collection of taxes and cesses ...	...	...	...	...	...	...
Jails ...	719,969	749,191	715,175	—34,016	742,448	+27,273
Registration ...	122,572	134,118	132,791	—1,327	143,392	+10,601
Police ...	2,096,000	2,146,346	2,111,690	—34,656	2,101,860	—9,830
Education ...	700,786	766,101	734,104	—31,997	748,127	+14,023
Medical ...	418,751	419,123	403,840	—15,283	409,802	+5,962
Printing ...	151,163	157,402	136,250	—21,152	156,269	+20,019
Marine ...	7,501	7,087	125	—6,962	167	+42
Minor establishments—						
General management ...	*9,146*	*11,381*	*9,384*	*—1,997*	*10,815*	*+1,431*
Model farms ...	*5,889*	*12,868*	*11,616*	*—1,252*	*9,776*	*—1,840*
Botanical and other public gardens ...	*1,607*	...	*33,261*	*+33,261*	*14,385*	*—18,876*
Collection of tolls, rates, rents, &c. ...	...	...	*10*	*+10*	...	*—10*
Collection of cattle trespass fines ...	...	...	...	...	...	...
Cemeteries ...	*4,206*	*4,427*	*4,013*	*—414*	*4,199*	*+186*
District post ...	*25,125*	*24,764*	*25,227*	*+463*	*26,068*	*+841*
Sub-divisional establishments	*23,761*	...	*23,620*	*+23,620*	*22,690*	*—930*
Miscellaneous establishments	*7,488*	*26,508*	*8,725*	*—17,783*	*15,763*	*+7,038*
	77,222	79,948	115,856	+35,908	103,696	—12,160
Office rent, rates and taxes ...	53,999	56,124	60,754	+4,630	57,358	—3,396
Miscellaneous ...	72,609	75,723	73,049	—2,674	64,476	—8,573
Contributions ...	338,057	40,227	1,061,468	+1,021,241	40,221	—1,021,247
	4,766,397	4,636,406	5,550,213	+913,807	4,572,953	—977,260
Public works ...	1,857,881	1,510,300	1,630,157	+119,857	1,486,283	—143,874
Total expenditure ...	6,624,278	6,146,706	7,180,370	+1,033,664	6,059,236	—1,121,134
Debt accounts ...	126,970	96,400	88,830	—7,570	56,764	—32,066
Closing balance ...	442,916	162,578	183,716	+21,138	26,716	—157,000
GRAND TOTAL ... £	7,194,164	6,405,684	7,452,916	+1,047,232	6,142,716	—1,310,200

Fort William,
Financial Department;
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

VIII.

LOCAL REVENUE AND EXPENDITURE.

Estimates, 1876-77.

REVENUE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Regular Estimates, compared with Budget Estimates, 1875-76.	Budget Estimates, 1876-77.	Budget Estimates 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£
Opening balance ...	2,039,827	1,996,414	1,652,774	—343,640	1,515,774	—137,000
Taxes, rates and cesses—						
On lands ...	1,844,644	1,812,680	1,897,414	+84,734	2,099,057	+201,643
On houses ...	56,663	46,301	53,838	+7,537	52,338	—1,500
Assessed taxes ...	20,296	23,290	18,380	—4,910	17,581	—799
Miscellaneous Taxes—						
Octroi ...	689	8,455	9,072	+617	8,786	—286
Licenses ...	37,057	31,682	34,020	+2,338	36,481	+2,461
Miscellaneous ...	12,957	14,089	7,824	—6,265	3,016	—4,808
	1,972,306	1,936,497	2,020,548	+84,051	2,217,259	+196,711
Departmental receipts—						
Jails ...	4,119	5,000	5,000	...	4,177	—823
Registration ...	5,794	1,056	6,156	+5,100	4,656	—1,500
Police ...	27,148	18,979	17,716	—1,263	29,285	+11,569
Education ...	65,378	24,697	56,108	+31,411	49,199	—6,909
Medical ...	6,166	121	7,878	+7,757	6,790	—1,088
Printing ...	1,005	800	800	...	400	—400
Marine ...	16,872	4,150	20,782	+16,632	21,924	+1,142
	126,482	54,803	114,440	+59,637	116,431	+1,991
Miscellaneous receipts—						
Tolls ...	271,782	370,684	361,723	—8,961	264,747	—96,976
Port dues ..	74,988	60,960	82,522	+21,562	78,845	—3,677
Interest ...	12,203	42,538	37,190	—5,348	33,110	—4,080
Rents ...	85,829	88,112	77,969	—10,143	75,918	—2,051
Sale of lands, houses, &c.	9,969	5,651	18,236	+12,585	24,552	+6,316
Cattle trespass fines ...	96,901	...	53,240	+53,240	101,838	+48,598
Miscellaneous fees and fines	77,127	184,803	125,559	—59,244	81,178	—44,381
Voluntary contributions ...	53,464	69,967	63,867	—6,100	52,926	—10,941
Sundry receipts ...	294,932	245,009	175,099	—69,910	71,442	—103,657
	977,195	1,067,724	995,405	—72,319	784,556	—210,849
Contributions ...	436,187	386,762	1,181,960	+795,198	100,046	—1,081,914
Public works ...	156,067	13,615	58,349	+44,734	186,766	+128,417
Total revenue ...	3,668,237	3,459,401	4,370,702	+911,301	3,405,058	—965,644
Debt accounts ...	113,198	199,385	97,298	—102,087	48,942	—48,356
GRAND TOTAL ... £	5,821,262	5,655,200	6,120,774	+465,574	4,969,774	—1,151,000

EXPENDITURE.	Accounts, 1874-75.	Budget Estimates, 1875-76.	Regular Estimates, 1875-76.	Regular Estimates, compared with Budget Estimates, 1875-76.	Budget Estimates, 1876-77.	Budget Estimates, 1876-77, compared with Regular Estimates, 1875-76.
	£	£	£	£	£	£
Refunds ...	43,606	8,580	27,632	+19,052	17,366	—10,266
Collection of taxes and cesses ...	22,036	24,293	23,937	—356	25,279	+1,342
Jails ...	1,439	2,634	2,702	+68	1,470	—1,232
Registration ...	3,818	556	4,261	+3,705	3,945	—316
Police ...	300,748	315,132	309,204	—5,928	311,135	+1,931
Education ...	301,000	313,764	317,362	+3,598	325,409	+8,047
Medical ...	69,836	141,206	89,005	—52,201	99,244	+10,239
Printing ...	1,553	1,266	2,083	+817	791	—1,292
Marine ...	46,506	63,344	73,430	+10,086	69,647	—3,783
Minor establishments—						
General management ...	*74,069*	*81,026*	*69,799*	*—11,227*	*65,687*	*—4,112*
Model farms ...	...	...	...	...	...	...
Botanical and other public gardens ...	*5,487*	...	*5,450*	*+5,450*	*5,179*	*—271*
Collection of tolls, rates, rents, &c. ...	*14,373*	*51,811*	*16,019*	*—35,792*	*15,381*	*—638*
Collection of cattle trespass fines ...	*45,359*	*26,917*	*35,222*	*+8,305*	*41,346*	*+6,124*
Cemeteries ..	*217*	*231*	*264*	*+33*	*224*	*—40*
District post ..	*51,900*	*53,976*	*50,545*	*—3,431*	*56,157*	*+5,612*
Sub-divisional establishments ...	...	...	...	...	...	...
Miscellaneous establishments	*537,180*	*473,485*	*536,152*	*+62,667*	*588,131*	*+51,979*
	728,585	687,446	713,451	+26,005	772,105	+58,654
Office rent, rates and taxes ...	...	...	...	...	...	...
Miscellaneous ...	196,109	162,549	245,353	+82,804	107,326	—138,027
Contributions ...	152,863	322,883	189,869	—133,014	107,424	—82,445
	1,868,099	2,043,653	1,998,289	—45,364	1,841,141	—157,148
Public works ...	2,209,755	1,782,428	2,541,744	+759,316	1,713,168	—828,576
Total expenditure ...	4,077,854	3,826,081	4,540,033	+713,952	3,554,309	—985,724
Debt accounts ...	90,634	26,080	64,967	+38,887	19,691	—45,276
Closing balance ...	1,652,774	1,803,039	1,515,774	—287,265	1,395,774	—120,000
GRAND TOTAL ... £	5,821,262	5,655,200	6,120,774	+465,574	4,969,774	—1,151,000

Fort William;
Financial Department,
The 31st March 1876.

EDWARD GAY,
Deputy Comptroller General.

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

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FINANCIAL STATEMENT FOR 1877-78.

PART I.—SPEECH IN THE LEGISLATIVE COUNCIL OF HIS EXCELLENCY THE VICEROY, BY THE HONORABLE SIR JOHN STRACHEY, K.C.S.I.

MARCH 15TH, 1877.

Preliminary.

MY LORD; For the first time since 1872, a Statement regarding the Finances of British India is made before the public, and in this Council. During the last five years, no legislation has been proposed in connection with the Budget, and, under those circumstances, no Statement could have been made in the Legislative Council, without infringing the provisions of the Act of Parliament by which the Council was constituted: the Government is glad, on the present occasion, to be able to return to the practice which formerly prevailed.

I do not, however, propose to submit to the Council the whole of the details which explain the accounts of the Revenue and Expenditure and Receipts and Disbursements of 1875-76, and the Regular Estimates for 1876-77. They are more than usually voluminous; and it seemed desirable to keep them separate from my present Statement. The first year for which your Excellency as Viceroy is financially responsible, is now about to commence, and this is the first opportunity which I have myself had, since I assumed my present office, of stating the opinions which I have formed: the time is especially fitting for making the examination of our existing financial position, and of the operations of the past and the present year, as complete as possible: but I could not do this without entering into a mass of details, which, however valuable and interesting they may be, would be out of place, and sometimes hardly intelligible, in a statement made orally to this Council. I have, therefore, thrown them into a separate Minute: it has been published to-day, and it is now in the hands of the Members of the Council: in it I have endeavoured to give the fullest information in my power regarding the Accounts and Estimates of the two years which are now about to close. I propose to give to the Council a brief summary only of some of the main results which that Minute shows, and to confine myself now for the most part to an explanation of the Estimates of the coming year; to a statement of the facts necessary for a clear understanding of our present position; to noticing some of the more important principles by which the Government of your Excellency proposes to direct its future financial policy; and to describing the measures by which we hope to improve the existing condition of affairs: some of those measures will require the sanction of this Council.

CHANGES IN THE FORM OF THE ACCOUNTS.

I must, before going further, quote from my Minute an explanation which is there given at greater length. "The Abstract Statements of the Accounts of the Revenue and Expenditure of 1875-76 and the Estimates of 1876-77 and 1877-78 differ in form from the Statements prepared during the last seven years.

"From the 1st April 1871, the Government of Lord Mayo entrusted to the management of the Local Governments and Administrations certain important services, with Consolidated Allotments from the Imperial Revenues for their support, and the revenues connected with these services were, at the same time, surrendered for provincial uses. It was thought inexpedient to retain in the Imperial Accounts and Estimates the details of the revenue and expenditure thus made over to the Local Governments: accordingly, since 1871-72, those transferred Heads of Revenue and Expenditure have been excluded from the General Estimates and Accounts, the whole transactions respecting them being represented there by a single net entry under the head *Allotments*

Preliminary

for Provincial Services. The details thus omitted have been published in subsidiary Statements, and each Local Government has given due publicity to its own Provincial Estimates and Accounts.

"The Government of India now sees reason to regret the method then employed, because, by this method, figures of interest and importance are relegated to subordinate Statements; the General Accounts and Estimates become incomplete; and the character of the arrangements between the Imperial and the Local Governments is not truly represented, nor their operation sufficiently illustrated. The Government of India has, therefore, resolved to re-introduce into the Imperial Accounts and Estimates all the details omitted therefrom since 1871-72. Thus, henceforth, any one desiring to ascertain the gross revenue and expenditure of British India, under the several recognised Heads of Account, will be able to do so from the General Accounts and Estimates. It seems to me that this will be an advantage, and that the re-combination of the Accounts of the Imperial and Provincial Governments into one Imperial Account, will make the whole more intelligible, and enable both the Government of India to control the Revenue and Expenditure, and the public to criticise the Accounts, more effectually than heretofore."

I have one more preliminary remark to make. I ask the attention of the Council to the observations made in my Minute, regarding the use of Pounds Sterling in our Accounts and Estimates: for the reasons there given, I came to the conclusion that it was better to state all the figures in Rupees; and I have done this in my detailed review of the Accounts of 1875-76 and of the Regular Estimates of 1876-77. In spite of the apparent inconsistency, I shall to-day usually speak to the Council of Pounds sterling, on the old assumption that the English pound is equal to ten rupees, because I shall thus make myself more readily intelligible to my audience; and, as the figures which I shall have to give will, for the most part, represent estimates only, exact accuracy is less important: it must, however, always be borne in mind that, when I speak of Pounds sterling, I am really using a conventional term of account, and that the Pound sterling of my Statement means ten rupees, a very different thing from the English pound.

ACCOUNTS, 1875-76.

The Accounts of 1875-76 show a surplus on the ordinary account of £1,668,882. If the extraordinary expenditure on Public Works be included, this surplus becomes a deficit of £2,601,740.

REGULAR ESTIMATES, 1876-77.

In 1876-77 a deficit is expected on the ordinary account of £2,278,300. Including the extraordinary expenditure, the deficit is £6,078,300. The result on the ordinary account is worse than the original estimate by £2,422,300. This is due to the famine in Madras and Bombay, which is now expected to cost in loss of revenue and in direct expenditure £5,250,000. Of this sum, £3,100,000 belong to 1876-77, and £2,150,000 to 1877-78. If there had been no famine, there would be a surplus on the ordinary account of £624,800 which exceeds the original estimate by £480,800.

Estimates. 1877-78

I come now to the Estimates of *Revenue and Expenditure* in 1877-78, and the *Ways and Means* whereby it is proposed to make provision for the service of the year.

GENERAL ESTIMATES OF REVENUE AND EXPENDITURE AND RECEIPTS AND DISBURSEMENTS, 1877-78

We estimate that the Revenues of 1877-78 will amount to £52,192,700, and the Expenditure to £56,442,400. Thus we expect a Deficit in 1877-78 of £4,249,700, of which, however, £3,628,000 has been granted for the construction of Extraordinary Public Works. Excluding this outlay, we expect a Deficit on the Ordinary Account of £621,700. We estimate the cost of the Famine in 1877-78 at £2,150,000.

EFFECT OF FAMINE ON ESTIMATES, 1877-78.

Thus it appears, *prima facie*, that, but for the Famine, our Estimates would show a Surplus of £1,528,300. I am obliged, however, at once to dispel the flattering impression that might be gathered from this statement, by the observation that one of the indirect consequences of the Famine is the reduction of the entry under the adjusting Head *Loss by Exchange* by an amount which I cannot estimate at less than £700,000: there would, however, be a set-off to this, if there were no Famine, in a lower charge for interest by perhaps £100,000: thus I am led to think that, but for the Famine, our Estimates, as they stand, would have shown a

surplus of £928,300. But this really represents the facts in too favorable a light, because the Expenditure on Extraordinary Public Works includes a sum of £1,206,300 to be spent on works which will not be remunerative, and which, as I shall explain further on, ought, therefore, in my opinion, to be looked on as ordinary: if these charges had been so treated, the estimated Surplus of £928,300 would have been converted into a Deficit of £278,028. It will also be seen, immediately, that I am estimating Opium at net £250,000 more than it was estimated for the current year; and also that the causes of apprehension in regard to the value of silver are, unhappily, by no means removed. Estimates, 1877-78. *Revenue.*

Still, making all allowances, these general results are decidedly encouraging: the expenditure on unremunerative public works has never been hitherto treated as an Ordinary Charge; and it is highly satisfactory that the Estimates of the year should give us reason to believe that our income will not only cover the whole of the charges which have always been classed as Ordinary, but will go far towards paying for those great public works which, although required for the service of the Empire, are not expected to be directly profitable.

The Famine is, altogether, so serious a disturbing cause, that it seems hardly worth while to make general comparisons; however, I place together the Revenue and Expenditure of the three years as follows:—

	Revenues.	Expenditure.	Deficit.	Excluding Public Works Extraordinary.		Excluding Public Works Extraordinary and Famine.
	£	£	£		£	£
						Surplus.
1875-76	52,515,789	55,117,536	2,601,747	Surplus	1,668,882	2,177,437
1876-77, Regular Estimate	51,206,700	57,285,000	6,078,300	Deficit	2,278,300	624,800
1877-78, First Estimate ..	52,192,700	56,442,400	4,249,700	Deficit	621,700	928,300

I. Land Revenue, shows an improvement, compared with the Regular Estimates, of £934,500, but is still below the Original Estimates of 1876-77 by £441,400. Elsewhere than in *Madras* and *Bombay*, there is a small improvement of £3,300 compared with last year's Estimates: the loss, therefore, is entirely caused by the Famine, which is expected by the Local Governments to affect their Land Revenue adversely, in 1877-78, by £495,100. LAND REVENUE.

II. Tributes.—Compared with the present year's Original Estimates, the decrease is only £2,100, which is owing to the postponement of the Nawanagar Tribute in Bombay on account of the Famine. TRIBUTES.

III. Forest, shows a decrease of Revenue, compared with the Regular Estimates, of £32,800, and a decrease of charge amounting to £20,600: the decrease of Net Revenue is thus £12,200. It occurs in *Burmah*, where we cannot depend upon a continuance of the high Revenue of the present year. FORESTS.

IV. Excise.—The increase of Revenue (£74,200) is due partly to the arrangements made with Local Governments, which I shall presently describe, whereby an increase of £15,000 is guaranteed to the Imperial Treasury in *Bengal*, the *North-Western Provinces*, and *Oudh*; but chiefly to the expectation that the *Excise* Revenue will not suffer in 1877-78 from the Famine so much as it is expected to suffer in 1876-77: the increase compared with the Original Estimates of 1876-77 is only £36,700; which is not nearly equal to a full year's normal growth of the revenue under this Head. EXCISE.

VI. Customs.—The small increase of £17,700 is in *Burmah*, where the Revenue is, this year, unusually low, owing to the export of rice being late. CUSTOMS.

VII. Salt.—Following the usual custom, I do not propose to estimate any increase of *Salt* Revenue. SALT.

VIII. Opium.—The recent Estimates under this important Head have been for net round sums, as follows:— OPIUM.

	Millions.
1874-75	5½
1875-76	5¾
1876-77	6

The details of the Estimates have, in fact, been adjusted to the total Net Estimate, instead of the Estimate being based upon the details. The actual Net Revenue obtained in past years seems to me to justify the expectation that we shall receive at least (net) £6,250,000 in 1877-78; and I have entered this sum. I am aware that it is important to those engaged in the trade to know the number of chests of Bengal Opium that the Government intends to

Estimates, 1877-78. *Revenue.*

sell in future; and that, at the present moment, a peculiar interest attaches to the intentions of the Government, owing to the large reserve of 35,315* chests which it already possesses, with the prospect of another good crop this year.

OPIUM RESERVE.

This reserve has been accumulated in the pursuit of a policy long ago deliberately adopted, the object of which was to enable the Government to make the supply of Bengal Opium to the market as far as possible steady, and independent of calamities of season. The great crop of 1876 has placed the Government in a position to obtain this object earlier than there was any reason to expect; and we have been, for some time past, engaged upon an enquiry what number of chests we can, hereafter, offer to the market without risk of failure and without objection in other ways. It has been, once again, satisfactorily ascertained by the independent testimony of the Revenue Officers, that the cultivation of the poppy is a source of prosperity to the agricultural population in Behar and the North-Western Provinces, and is popular with them, and that it does not tend to any objectionable consumption of the drug by them. But the enquiries necessary to enable the Government of India to determine its permanent policy are not quite completed; and I regret that I can say, at present, nothing more definite than that, in the calendar year 1878, the Government will certainly not sell less than 50,000, or more than 54,000 chests of Bengal opium. We shall not leave the market in uncertainty as to our intentions for a day longer than is absolutely necessary.

STAMPS.

IX. Stamps.—It is usual to estimate no increase under this Head, although a normal increase is to be expected: the increase of £32,400 which I enter to-day, is the consequence of the engagements with the Local Governments of *Bengal*, the *North-Western Provinces*, and *Oudh*, which I shall presently describe, and is guaranteed to the Imperial Treasury by these Governments.

MINT.

X. Mint.—The net revenue from the Mints is estimated to be about the same as this year, the decreased receipts being counterbalanced by decreased charges.

POST OFFICE.

XI. Post Office shows an increase of Revenue, £22,100, and a rather larger increase of charge, £30,600: this occurs in England, and is chiefly for the manufacture of the half-anna envelopes, the popularity of which is so great that we have been unable to supply the demand for them: the Government of India was aware that the concession of a labelled envelope for the price of the label only was a substantial reduction of the rate of postage: we may be well satisfied with the complete success of this measure, which will, I doubt not, eventually affect the revenue favorably.

TELEGRAPH.

XII. Telegraph.—The provision for this Service is £180,000 net: the Telegraph Department would have been very glad of a larger grant; but we could not, under the circumstances of the year, supply it: it has been arranged, however, that if the Revenue should, as is not improbable, grow during the year, the excess may be added to the grant for expenditure; in other words, we have made a quasi-contract with the Department for a net grant of £180,000 for the year.

GAIN BY EXCHANGE.

XIX. Gain by Exchange.—The decrease of £74,800 follows the decrease in the Revenue from the *Guaranteed Railways*, which I shall presently explain.

MISCELLANEOUS.

XX. Miscellaneous.—The Regular Estimate contains an item of £49,500 for premium on Government shares sold to the Bank of Bengal: this will not be repeated; sundry exceptional receipts in England also are not expected to recur: hence the decrease of £97,900 under this Head.

PUBLIC WORKS ORDINARY RECEIPTS.

Public Works Ordinary Receipts.—Of the increase (£65,400) £18,000 is in consequence of a contract to supply the Great Indian Peninsula Railway with 36,000 tons of coal from the Warora Colliery at Rs. 5 a ton. The rest is in Bombay, the Government of which Presidency has resumed for Provincial purposes certain tolls on roads estimated to yield £53,348, which have hitherto been recorded under Local Funds.

IRRIGATION REVENUE.

Irrigation.—The improvement of £50,900 under *Irrigation* is the ordinary growth of this source of Revenue.

	Chests.
* Behar	18,087
Benares	17,228
TOTAL ...	35,315

Provincial Contributions are expected to produce £415,100: of this, the sum of £374,700 is contributions from the Governments of Bengal (£274,700) and the North-Western Provinces (£100,000) in discharge of the responsibility which, as I shall presently explain, the Government of India is about to impose upon them for the interest on the capital expended on Extraordinary Public Works: the Balance (£40,400) is the estimated draft upon separate provincial Resources in support of the Services administered by the Local Governments. Estimates, 1877-78. *Revenue.* PROVINCIAL CONTRIBUTIONS.

Including a further grant of £25,000 to Burmah, *the Balances of the Local Governments* are expected to increase by the net sum of £69,100. BALANCES OF LOCAL GOVERNMENTS.

On the EXPENDITURE Side, the sum of £101,700 has been retrenched, as will presently be explained, from the Grants to be made over to the Governments of *Bengal*, the *North-Western Provinces*, and *Oudh*, for the additional Services to be entrusted to them. This retrenchment has been *pro formâ* thus shown in the Estimates; but the Local Government may redistribute it at their discretion— *Expenditure.* RETRENCHMENT FROM LOCAL GOVERNMENTS.

	Bengal.	N. W. Provinces.	Oudh.	TOTAL.
	£	£	£	£
Land Revenue	...	5,000	..	5,000
Law and Justice ...	10,000	5,000	...	15,000
Police	20,000	...	...	20,000
Education	4,000	...	...	4,000
Stationery and Printing ...	5,000	...	...	5,000
Public Works ...	20,000	9,400	...	29,400
Balances Decreased ...	...	16,000	7,300	23,300
TOTAL ...	59,000	35,400	7,300	101,700

Interest shows an increase of £235,800, which will be explained by the proposed loan operations of the year. INTEREST ON DEBT.

The satisfactory decrease of £26,500 under *Interest on other Accounts*, is owing to the relief obtained by the Treasury from the charge for interest upon the Guaranteed Railway Revenue Balances; the Government of India had never admitted the right of the Companies to this interest: Her Majesty's Government have acknowledged the force of the arguments used by the Government of India; and the Railway Companies have acquiesced in the withdrawal of the privilege. The charge was only real when the Companies earned surplus Revenue; in other cases, it went to swell the Net Traffic Earnings made over to the Government of India towards meeting the *Guaranteed Interest*, and so diminished the net charge upon the Revenues for that item; therefore, in its bearing upon the Estimates of the year, this saving must be taken in connection with the estimated charge for *Guaranteed Interest, less Net Traffic Receipts*, which must show some corresponding increase. The measure is, however, calculated to save at least £6,000 a year. INTEREST, OTHER ACCOUNTS.

3. Refunds and Drawbacks.—The Imperial portion of this Grant is always fixed at £300,000; the increase of £15,000 is the amount necessary to make up this sum. REFUNDS.

4. Land Revenue.—The decrease of £20,600 is owing to the completion of settlements, and the retrenchment of £5,000 in the North-Western Provinces. LAND REVENUE.

8. Salt.—The increase of £32,200 is nominal, the decrease in 1876-77 having been casual: it occurs chiefly in *Madras*, to provide for petty construction and repairs omitted this year. SALT.

14. Administration.—The decrease of £36,000 is estimated in the hope that the expenditure in 1876-77 may prove to have been abnormally high: the amalgamation of Oudh and the North-West Provinces has caused some saving under this Head. ADMINISTRATION.

15. Minor Departments.—The excess of £9,500 is for Chinchona operations in Darjeeling. MINOR DEPARTMENTS.

16. Law and Justice.—The excess of £37,300 would have been £52,300, but for the retrenchments in Bengal and the North-Western Provinces: the excess is to some extent balanced by excess receipts (£34,400): the remainder is for a large increase to the establishment of Law Officers in Bengal, the result of the recommendations of an influential Committee under the presidency of LAW AND JUSTICE.

Estimates, 1877-78.

Expenditure.

our colleague Sir Arthur Hobhouse, which recommendations have been approved by the Secretary of State for India.

POLICE.

17. Police.—The decrease of £22,400 under *Police* is owing to the *pro formâ* exhibition under this Head of part of the retrenchment from the Government of Bengal: that Government may, possibly, effect the retrenchment in some other way.

MARINE.

18. Marine.—There is a decrease of £21,700, which is partly counterbalanced by a decrease of £6,700 under Receipts.

EDUCATION.

19. Education.—Including the grant for *Education* from Local Funds (net £274,000) the net expenditure on education is estimated at £913,400.

ECCLESIASTICAL.

20. Ecclesiastical.—Adding the Grant under this Head in the *Army* Estimates, the total Grant for *Ecclesiastical Services* is £196,600.

MEDICAL.

21. Medical.—The increase of £6,500 is almost entirely in the Provincial portion of this Grant, and does not, therefore, require explanation: adding the Grants for *Medical Services* in the *Army*, net £324,300, and from Local Funds, net £93,500, the total estimated expenditure under this Head in 1877-78 is £1,016,400.

STATIONERY AND PRINTING.

22. Stationery and Printing.—The excess of £49,000, notwithstanding the retrenchment of £5,000, is in the Provincial portion of the Grant; it is evident that the expenditure in 1876-77 has been unusually low.

POLITICAL AGENCIES.

23. Political Agencies.—The expenditure connected with the assumption of the Imperial Title in 1876-77 explains the decrease of £137,100 in 1877-78. In the review of the Regular Estimates for the current year, in my separate Minute, I have shown that the total charges incurred throughout the whole of India on this account, under all heads, will probably not exceed £100,000: the exact net cost of the Delhi Assemblage cannot now be stated, but, according to an estimate lately made, it will be about £50,000: considering the great political importance of the event, I think that this expenditure was very moderate.

SUPERANNUATIONS.

26. Superannuations.—The excess of £12,200 is for the most part in England, where the payments on account of the Military Funds and of the annuities of Covenanted Civil Servants are still increasing.

LOSS BY EXCHANGE.

27. Loss by Exchange.—I have already said that the large diminution under this Head is connected with the loan operations of the year. The estimate here is that the Secretary of State will raise 12¼ millions Sterling by Bills for Rs. 13,85,00,000: any one can, of course, calculate that these figures involve an estimate that our Bills will yield 1*s.* 9·23*d.* the rupee; but it is uncertain how much will really be drawn; and the estimate is not intended to indicate that the Government expects that its remittances will be effected at any particular rate. Either by bills, or by borrowing, the Secretary of State must get £16,000,000 for the Home Treasury in 1877-78; and I cannot say, with certainty, how much he will raise by bills and how much by borrowing.

ADJUSTING RATE, 877-78.

The rate for the adjustment of transactions with the Imperial Government and of furlough allowances and family remittances during the year is fixed at 1*s.* 9½*d.*

MISCELLANEOUS.

28. Miscellaneous.—The expenditure on account of the visit of His Royal Highness the Prince of Wales, which is recorded in the Accounts of 187677, will be absent in 1877-78: this is the chief item of the decrease of £40,100 under this Head: the remainder is in the provincial portion of the Estimates.

FAMINE RELIEF.

Famine Relief—Is expected to cost £486,000 less in 1877-78 than in 1876-77. I have given in my review of the Regular Estimates for 1876-77, in the Minute now before the Council, details showing the estimated charges for the famine in the current and in the coming year. The gross estimated cost is £3,735,400 in Madras and £1,809,700 in Bombay, making a total of £5,545,100, of which £2,209,100 is loss of revenue and excess cost of army supplies, and £3,336,000 is direct expenditure on measures of relief. Deducting the estimated addition to the earnings of the railways, consequent on the famine, the total estimated net cost of the famine is £5,250,000, of which £3,100,000 will fall on this year, and £2,150,000 on 1877-78.

THE ARMY.

The Army shows no improvement in 1877-78 as compared with 1876-77; but, on the contrary, an increase of net charge amounting to £49,500. The other items in the Statement which I have explained in the review of the Regular Estimates for 1876-77, in the Minute now before the Council, are,

however, more favorable; and the true net cost of the Army, according to that Statement, will be £145,907 less in 1877-78 than in 1876-77. I have entered at some length in that Minute into the question of Army expenditure, and have shown how extremely serious the question is. Estimates. 1877-78. *Expenditure.*

Public Works Ordinary.—The decrease of £70,000, as will be apparent upon reference to the Table given in the review of the Regular Estimates, is partly nominal, and partly in the *Irrigation* Grant. PUBLIC WORKS ORDINARY.

The entire Grants for expenditure on Public Works in India during 1877-78 aggregate £11,489,774, as follows:— TOTAL GRANTS FOR PUBLIC WORKS.

	At Home.	In India.	Total, converting Pounds into Rupees at the average rate of exchange for the year.
	£	Rs.	Rs.
Public Works Ordinary .	102,700	3,86,69,000	3,98,30,139
Less Receipts	18,100	18,11,000	20,18,641
Net ...	84,600	3,68,55,000	3,78,11,498
Net grant from Local Funds ...	...	1,37,57,000	1,37,57,000
Public Works Extraordinary	734,500	2,89,35,000	3,72,39,347
Guaranteed Railways; Current Account; as calculated in my separate Minute	...	1,39,24,964	1,39,24,964
Ditto Capital Expenditure ...	747,200	—12,83,000	71,64,934
Loans to Public Bodies... ...	...	50,00,000	50,00,000
Total			11,48,97,743

State Railways show a net improvement of £87,600, the Net Revenue of the year being estimated at £191,800, a satisfactory improvement: as I have shown in reviewing the Regular Estimates for 1876-77, the growth of the revenue from these lines is highly encouraging. STATE RAILWAYS.

Land and Supervision.—Decrease, £13,200: this item must now diminish as the Guaranteed Railways approach completion: but the charge for Supervision alone is upwards of £50,000. LAND AND SUPERVISION.

The *Guaranteed Interest* payable by the Government is expected to increase by £580,700, and the Gain by Exchange to diminish by £74,300; altogether the Estimate for 1877-78 shows a burden of £610,700 in excess of that of 1876-77. The true burden is, as I have shown in my remarks upon the Regular Estimates, £1,392,496, and the true excess, owing to a more favorable estimate of exchange, only £143,260. Some portion of the decrease of the Net Traffic Earnings is nominal: the half-yearly Accounts of the Railway Companies are made up on the 30th June and 31st December, when any surplus found due to the Companies is paid to them: but the Finance and Revenue Accounts of the Government of India do not, in this respect, follow the contracts, but record the transactions of the financial year: thus the Estimates which I have presented for 1876-77 include all the earnings of the Railways to the 31st March 1877. Moreover, it takes some time to complete and audit the Accounts of the Railway Companies and to send them to England; and the surplus due to the Companies is not paid until they have been examined and accepted there. Thus it happens that the large surplus of £400,000 due to the Railway Companies in respect to the period embraced in our Regular Estimates will not be paid till next year, when it will appear in reduction of the Net Traffic Receipts recorded in the Finance Accounts of that year. The surplus payments recorded in the Finance Accounts in 1876-77 are estimated at £299,400, so that the Estimates of 1877-78 are adversely affected by this item to the extent of £100,600. GUARANTEED RAILWAY, &c. INTEREST.

I beg to call the special attention of the Council and of the public to the facts and figures regarding these railways which are given in the review of the Regular Estimates for 1876-77 in my separate Minute; I will not repeat them here; but they possess the highest importance and interest; the increase in the traffic, the decrease in the working expenses, and the diminution of the burden imposed on the Revenues of the Empire, are most satisfactory; and I look upon the progress of these Railways as one of the most hopeful and important facts connected with the future of our finances.

Estimates, 1877-78. *Expenditure.* PUBLIC WORKS EXTRAORDINARY

The Delhi Assemblage is estimated to have added a sum of £90,000 to the Net Traffic Earnings of 1876-77, and lastly, the chief part of the Famine Traffic will, it is believed, fall into 1876-77.

Public Works Extraordinary.—The Grant is £3,628,0000, of which £128,000 is to cover a payment at Home postponed from 1876-77 to 1877-78: the effective Grant is thus only 3½ millions, of which £2,728,000 is for Railways, and £900,000 for Canals. We are most anxious not to check the progress of these beneficial works, and we shall be glad to grant a little more money in the course of the year, if we find ourselves in a position to do so. Of the present Grant of £3,628,000, £1,206,300 is for expenditure on the *Punjab Northern* and *Indus Valley* State Railways. There will still remain the sum of £1,487,800 to be spent before these Railways, which are not reproductive works (although we hope to reap a small revenue from them) are completed. The programme of State Railway construction operations during the year is as follows:—

	£		£
Rajputana line ...	150,000	Northern Bengal ...	290,300
Western Rajputana ...	100,000	Tirhoot	95,600
Neemuch	196,000	Rangoon	158,500
Holkar	100,000	Punjab Northern ...	272,500
Warda Valley ...	22,700	Indus Valley... ...	933,800
Sindhia	205,400		

I am very glad that the Government is at last able to commence the important work of connecting the lines from Northern India and Rajputana with those of the Bombay Presidency, by Ahmedabad and Neemuch; and I trust that it may be found possible to push the work forward rapidly to completion.

IRRIGATION WORKS.

The total grant for Irrigation Works in 1877-78 is as follows:—

	Grant, 1877-78. £
Ordinary	900,600
Extraordinary	900,000
TOTAL ...	1,800,600

Of the Ordinary grant £143,808 is to be spent on Works, £401,579 on Repairs, £342,292 on Maintenance, Conservancy Establishment, and Establishment for collection of revenue, and the balance on tools and plant and State expenditure on guaranteed Irrigation Works. The Extraordinary expenditure (£900,000) is to be incurred principally on the following projects:—

	£		£
Sirhind Canal ...	140,900	Sone	191,000
Western Jumna ...	74,900	Orissa	63,400
Baree Doab ...	24,800	Midnapore ...	20,500
Swat River ...	30,500	Godavery Deltas ...	28,600
Ganges .. .	80,000	Kistna Deltas ...	14,800
Agra	10,000	Moota Canal ...	31,900
Lower Ganges ...	170,000		

Ways and Means, 1877-78.

I have now to explain the *Ways* and *Means* whereby it is proposed to make provision for the service of the year 1877-78: in doing so, I must invite attention to the Abstract Tables in the right-hand corner at foot of Statements IV, V, and VI, which contain the figures of which I have now to speak.

LIABILITIES.

I have stated that the Expenditure of the year is expected to exceed the Revenue by the sum of £4,249,700; £283,300 must be provided from the remaining Balances of the Military Funds to supply the difference between the subscriptions to the Funds recorded under XVIII, *Receipts in aid of Superannuation Allowances*, and the payments to the beneficiaries of the extinct Funds for which the State is now liable: £500,000 is required for *Loans to Native States and Public Bodies*, such as Municipal Corporations, Port Trusts, and the like: the *Guaranteed Railway Companies* will draw upon us for £618,900.

It is expected that the Balances of these Companies in our Treasuries on the 31st March will be only £421,000: it is satisfactory to observe that we now owe the Companies little; and that, in the course of a few months, we shall owe them nothing. Ways and Means, 1877-78.

The *Deposit and Remittance Accounts* are estimated to result in the net withdrawal of £470,900 from the Public Treasury.

Lastly, we want the sum of £823,400 in order to raise our Balances to the lowest amount necessary for carrying on the service of the year. The Government of India is not responsible for the management of the Home Treasury by the Secretary of State in Council; but I remark that the transactions of that Treasury during the year are expected to end in a reduction of the Secretary of State's Balances by £136,900, leaving them at only £1,011,200. With reference to the large transactions of the Home Treasury (aggregating £34,000,000 a year), and to past experience, this amount cannot but be considered moderate. PUBLIC BALANCES.

The amount of the working balance that the Government of India ought to have at its credit or in its treasuries in India at the beginning of the financial year, has been the subject of frequent discussion: like the balances which any private individual keeps ready at his command, the amount which the Government of India requires must obviously depend upon the sum of its transactions and upon their geographical distribution, and upon various other considerations: if transactions are concentrated in one or two treasuries, a much smaller aggregate working balance will suffice than if they are spread over a multitude of treasuries scattered over vast distances. THEIR PROPER AMOUNT IN INDIA.

The following Statement of the public Receipts and Disbursements since 1869-70 will be useful in an investigation of the proper amount of the working balance of the Government of India:—

Receipts and Disbursements at the Treasuries of the Government of India at Home and in India.

	Receipts.			Disbursements.			Balances at close of the year.		
	England.	India.	Total, assuming £1 = Rs. 10.	England	India.	Total, assuming £1 = Rs. 10.	England.	India.	Total, assuming £1 = Rs. 10.
	£	Rs.	Rs.	£	Rs.	Rs.	£	Rs.	Rs.
1869-70 ...	17,621,822	90,30,62,700	107,92,80,920	17,755,320	86,54,16,230	104,29,69,430	2,893,483	18,94,04,510	16,83,29,340
1870-71 ...	19,473,577	99,68,89,680	119,16,25,450	19,060,088	96,81,06,760	115,87,07,640	3,305,972	10,81,87,430	20,12,47,150
1871-72 ...	15,740,339	118,45,72,750	134,19,76,140	16,225,220	113,27,83,030	129,50,33,230	2,821,091	21,99,77,150	24,81,98,060
1872-73 ...	15,712,672	107,36,39,160	123,07,65,980	15,535,319	110,57,38,380	126,10,92,570	2,998,444	18,78,76,930	21,78,61,370
1873-74 ...	16,121,090	105,08,05,300	121,20,76,200	17,105,896	109,84,07,810	126,94,66,770	2,013,638	14,03,34,420	16,04,70,800
1874-75 .	17,194,897	106,35,17,120	123,54,66,090	16,412,165	105,20,73,400	121,61,95,050	2,796,370	15,17,78,140	17,97,41,840
1875-76 .	15,698,741	103,05,46,202	118,74,79,702	17,569,812	101,27,99,495	118,84,97,815	919,899	16,95,24,940	17,87,23,930
1876-77 ...	19,166,300	99,50,32,000	118,66,65,000	18,938,100	104,91,60,000	123,85,41,000	1,148,102	[illegible]	12,88,78,000
1877-78	16,851,100	101,33,58,000	118,18,69,000	16,988,000	100,87,55,000	117,36,35,000	1,011,200	12,50,00,000	13,51,12,000

There are in India 233 treasuries, besides 1,048 revenue sub-divisions of districts, at many of which there is some kind of a treasury, and besides outlying treasure-chests. NO. OF TREASURIES

A preponderating share of the land revenue is received in India in the spring; but the expenditure and the bills of the Home Government go on, more or less evenly, all the year round: the result of this peculiarity is that the balances of the Government in India, if not recruited by loans, or sustained by interruptions of the Secretary of State's drafts, subside rapidly from about June, till they reach their lowest point about the end of October, the balances at the end of which month may be expected to fall at least £3,000,000 below the balances at the end of March. LAND REVENUE ACCRUES IRREGULARLY.

Having regard to the magnitude of the transactions at our Public Treasuries, (aggregating upwards of £200,000,000 a year), the vast extent of the territories administered by the Government of India, the numerous separate receptacles of public money scattered over the country, and the unequal distribution of the revenues over the year; remembering also the liability of the Government of India to sudden demands upon its treasury for war, famine, or other public necessities, and the scanty resources of the Indian money market, Lord

Ways and Means, 1877-78.

Northbrook's Government determined, a year ago, that it was only prudent to provide for balances at the end of the year aggregating £13,500,000 for ordinary purposes, besides a reserve which Lord Northbrook thought should be substantial: but, under the present financial pressure, we must put up with the inconvenience of a smaller balance, and I propose, therefore, to provide for a closing balance of only £12,500,000. Enquiries are now in progress as to the smallest working balance necessary in each Province: when these investigations are completed, and further experience is gained of the working of the Reserve Treasury, the Government of India will be in a position once more to consider what is the proper amount of balance, altogether, to provide at the beginning of each financial year.

Character of Public Balances.

Before leaving the subject of the balances of the Government of India, I wish to make a few remarks upon some of the misapprehensions that often prevail concerning them. Some people seem to suppose that the Government of India can spend money from the public balances without entering the transactions in the Public Accounts, and that these balances are a mysterious hoard from which we can help ourselves without the inconvenience of justifying or explaining our proceedings: others have gone the length of gravely proposing that the Government of India should credit its balances, or a slice of them, as revenue.

But there is really no mystery at all about these balances, which do not differ in character from the balances at credit of any private individual: not a rupee of public money can be spent, or is spent, which does not come from the public balances; and not a rupee can be taken from these balances without the fact being recorded and brought to account. The plain truth is, that the Accounts and Estimates which it is my duty to review and explain to-day, exist only for the purpose of recording what money has passed, or is expected to pass, into and out of these balances, and to explain and justify every addition to, and every reduction of, these balances: if the disbursements recorded in the Accounts of the year exceed the receipts, the balances are reduced; if the receipts exceed the disbursements, the balances are increased. Thus, by submitting to a reduction of the public balances, the Government of Lord Northbrook was able to pay some part of the cost of the Bengal famine, without borrowing; but this did not enable the Government to keep a single item of the expenditure out of the Public Accounts: it seems almost absurd that I should gravely say this; but the strange misconceptions that often appear seemed to demand some such explanation.

Total Liabilities.

Our liabilities in excess of the produce of our revenues aggregate £6,946,200.

Assets.

Of this sum we expect to receive £81,000 from the *Civil Service Funds*, £50,000 from *Savings Bank Deposits*, £139,700 *Surplus of Local Revenues*, and £175,500 from certain other deposits called *Sundry Obligations*, which include the Nizámat Stipend Fund, the Bahu Begam's Stipend Fund, and certain Guaranteed Railway Funds.

Amount to be borrowed.

The balance is £6,500,000, and this is the net sum which I now estimate that we may have to borrow in the course of the year. I do not forget that the ten year debentures of 1867, the outstanding balance of which amounts to £458,100, are due and payable on the 1st June 1877; but I am not yet prepared to make any special announcement regarding them.

Of the net sum of £6,500,000 which the Government thus estimates that it may have to borrow in the course of the year, £250,000 is expected from His Highness the Mahárájá Sindhiá for the Gwalior Railway: our present hypothesis is that of the residue, 3¾ millions sterling will be borrowed by the Secretary of State in England and 2½ millions in India.

But I must here give an important warning: upon the face of the Statements Nos. IV, V, and VI will be found, for the first time, the following note—

Government cannot pledge itself in regard to Loan Operations.

The estimates in this Statement of the amounts to be borrowed, and to be supplied to the Home Treasury by bills in 1877-78, are the best that can now be made; but they are subject to modification as the year goes on; the Government must not be understood to pledge itself that the Secretary of State in Council will raise by bills the exact amount stated; or that the exact amount stated will be borrowed during the year; or that it will be borrowed in India or in England, as the case may be.

This note is added under instructions from the Secretary of State. In order to make these *Estimates of Ways and Means* for the Service of the coming year, it is necessary to set down the amount that it is proposed to borrow, and to frame a hypothesis whether the money will be borrowed in India or in England: but the Government of India is not authorised to commit the Secretary of State to borrow or not to borrow any particular sum during the year: and it is not usually possible to communicate the prospects of the year to the Secretary of State with sufficient fullness to enable him to decide, finally, upon the proposals of the Government of India. Ways and Means, 1877-78.

These important Statements must, therefore, be understood henceforth to be, so far as prospective loan operations are involved, only provisional forecasts; and must not be held in any way to commit the Government of India or the Secretary of State to borrow for the service of the year, either the particular sum set down, or in particular proportions in India and England.

Moreover, the Secretary of State for India can borrow no money in London without first obtaining authority from Parliament: and at the present moment he has no such authority, having exhausted the statutory powers granted to him on the occasion of the Bengal Famine. It is obviously quite impossible for the Government of India to say that Parliament will authorise the Secretary of State to borrow more money in London; and the Government of India is not even at liberty to pledge the Secretary of State to make application to Parliament for fresh powers to borrow. What I have said, therefore, must be distinctly understood as expressing only the views and intentions of the Government of India, and must not be construed as implicating the Secretary of State, or pledging him to any course of action. I am afraid that this will not be considered altogether satisfactory; but the Government of India is not now in a position to state more definitely how provision will be made for the service of the year. GOVERNMENT OF INDIA CANNOT ANSWER FOR PARLIAMENT OR SECRETARY OF STATE

The Government of India is fully alive to the importance of satisfying its requirements in India without resorting to the London market more than is absolutely necessary; and if, in the course of the year, circumstances should favor such an arrangement, and the Government of India is in a position to act upon its own judgment, a larger share of the whole amount than £2,500,000 may be offered to the market in India. On the other hand, the Governor General in Council will not, so far as the decision rests with him, submit to any unreasonable terms; and, if the conditions acceptable to the money market in India should appear too unfavorable, he will not hesitate to recommend to the Secretary of State to endeavour to obtain power to borrow in England as much more than $3\frac{3}{4}$ millions sterling as is found to be really wanted. IMPORTANCE OF BORROWING IN INDIA. IF REASONABLE TERMS CAN BE OBTAINED.

Supposing that the Secretary of State borrows $3\frac{3}{4}$ millions sterling in England, it will be necessary for him to raise by bills upon India $12\frac{1}{4}$ millions sterling. To effect this, it is calculated that he must sell bills for about $26\frac{1}{2}$ lakhs of rupees a week throughout the year: the Government of India is accordingly authorised to announce that bills for $26\frac{1}{2}$ lakhs of rupees will, according to present intentions, be offered for sale, weekly, during April and May. COUNCIL BILLS.

I will begin what I have now to say to the Council with a brief review of the results of the financial administration of the last seven years, ending with 1875-76, the last year for which the Accounts are completed. I think that this will be useful in enabling us to form a correct judgment of our present position; and the period which I have taken is a convenient one, because, while it was one of general peace and prosperity, a serious famine occurred in it, and a large expenditure took place on unremunerative public works: the results of the seven years may be fairly assumed to contain few elements of a specially abnormal character. In saying this I do not forget the great expenditure on the Bengal famine; but, on the other hand, it must be remarked that, since this period of seven years closed, we have already to meet another famine which will not cost much less; nor have we any right to assume that we shall escape more easily in future. Seven years' Accounts. REVIEW OF SEVEN YEARS' ACCOUNTS. NET RESULTS.

The gross revenues during the seven years ending with 1875-76 aggregated £357,573,100, and the total expenditure amounted to £370,555,000. Thus the expenditure exceeded the revenues by £12,981,900.

Seven years' Accounts.

EXAMINED

During the seven years the sum of £19,654,000 was spent upon works classified as extraordinary, and £6,500,000 was spent from the imperial revenues, on the relief of the famine in Bengal.

Out of the sum spent on Extraordinary Public Works, £4,771,000 was expended on the construction of the Punjab Northern and Indus Valley State Railways. These railways belong to a class of works of which I shall again speak; they were not undertaken as reproductive works; and, although it is anticipated that they may yield a net return of 2 per cent. on their capital cost, I shall, in a review which I wish to be severe, exclude their cost from the extraordinary head of account, and treat it, as I think strictly speaking it ought to have been treated from the first, as ordinary expenditure. This correction will leave the sum of £14,883,700 as fairly representing extraordinary expenditure on reproductive public works; and, if there had been no famine, we should have been able to pay for the whole of these unremunerative works, and there would have been a surplus in the seven years, according to the Accounts as they are now constructed, of £8,401,700.

But, in order to obtain a true conception of the financial results of the seven years, some further adjustments are necessary; included in the Gross Revenues is the sum of £2,443,300 transferred from the Book Capital of the extinct Military Funds: great doubts are felt whether it is right to reckon these transfers as Revenue at all, unless, indeed, interest be charged *per contra* as if the Funds were still in existence; and, for my present purpose, I prefer to exclude them. I will also exclude the sum of £986,900 by which the financial results of the seven years are estimated to appear better than they really are, owing to the peculiar mode in which the sterling transactions of the Home Treasury are combined with the rupee transactions of the Indian Treasuries.

If these two disturbing causes be eliminated, the true financial result of the seven years, including the cost of unremunerative public works, and excluding the cost of famine relief, would be a surplus of £4,971,500. But it has to be remembered that during the same period, the income tax, which has ceased to be one of our sources of revenue, yielded, net, £4,364,900: if, therefore, there had been no income tax, there would have been a surplus of £606,500, after meeting the charges for unremunerative public works, but excluding the charges for famine.

Another consideration favourable to the finance of these seven years deserves mention: we accumulated a reserve stock of 35,315 chests of Bengal opium, the cost of which will be recovered in future years, with the profit or revenue yielded at auction: the cost of these 35,315 chests may be reckoned at £1,412,600, of which about £850,000 is included in the recorded expenditure of 1869 to 1876.

On the other hand, a substantial benefit accrued to the revenues upon the redemption, on the 30th April 1874, of the capital stock of the East India Company. The Sinking Fund created by Act 3 and 4, William IV, Cap. 85, Sec. 12, amounted, on that date, to £7,876,439, and its appropriation towards the redemption of the stock relieved the Revenues from the payment of about £315,000 a year.

Upon the whole, it may be said that this retrospect is satisfactory. From the 1st April 1869 to the 31st March 1876, not only was no addition made to the debt of the country, except for reproductive works, but a substantial portion of the money invested for these works was really provided from current revenue.

DETAILS.

If we look at details, we shall find further encouragement: the growth of the Net Revenue under its main Heads was as follows:—

NET REVENUE.

		1869-70.	*1875-76.*	*Improvement.*
		£	£	£
Land Revenue	...	*19,603,000*	*20,142,800*	*539,800*
Excise	..	*1,997,100*	*2,407,000*	*409,900*
Customs	...	*2,167,200*	*2,470,000*	*302,800*
Salt	...	*5,463,000*	*5,702,200*	*239,200*
Stamps	...	*2,224,900*	*2,692,400*	*467,500*
Opium	...	*6,130,900*	*6,252,000*	*121,100*
Total	...	*37,586,100*	*39,666,400*	*2,080,300*

The Net Yearly Imperial Expenditure during the same period was as follows:— Seven years' Accounts.

	Civil, except Famine Relief.	Famine Relief.	Military.	Grand Total.	Total, excluding Famine Relief.	Total, excluding *Loss by Exchange.*
	£	£	£	£	£	£
1869-70	...23,242,400	...	15,250,800	38,493,200	38,493,200	38,314,000
1870-71	...23,246,200	...	15,119,400	38,365,600	38,365,600	37,797,800
1871-72	...22,178,000	...	14,733,700	36,911,700	36,911,700	36,515,700
1872-73	...23,797,000	...	14,596,800	38,393,800	38,393,800	37,628,700
1873-74	...22,494,100	3,864,700	14,217,400	40,576,200	36,711,500	35,725,000
1874-75	...22,258,800	2,237,900	14,386,400	38,883,100	36,645,200	35,747,300
1875-76	...23,226,400	508,500	14,262,900	37,997,800	37,489,300	36,059,600

NET EXPENDITURE.

Thus the net revenue increased during the seven years by more than £2,000,000, or at the average rate of nearly £300,000 a year, while the net expenditure, excluding famine relief, showed no tendency to increase at all, and was actually less in 1875-76 than in 1869-70. Excluding also *Loss by Exchange*, an element which may be said to be practically altogether beyond our control, the net expenditure in 1875-76 was less than the net expenditure in 1869-70, by £2,254,400, of which about £1,000,000 was in the Army, and the rest in the Civil Department: I wish to call special attention to this fact, for it is very important and very encouraging, and reflects great credit on the past administration of our finances.

Notwithstanding the large amount borrowed during this period, the net charge for *Interest* rose only from Rs. 4,60,67,220 in 1869-70, to Rs. 4,61,69,190 in 1875-76. This favourable result is due to the redemption of the East India Company's Stock already explained; to various successful operations for the reduction of the rate of interest on our Loans; and to the progress of the investment of the Reserve of the Paper Currency Department.

GENERAL RESULT.

I think that the facts and figures which I have given for these seven years* show that the finances were administered during this period with great care, economy, and success: I look upon them as highly honourable to the Governments Lord Mayo and Lord Northbrook, and to my predecessors Sir Richard Temple and Sir William Muir: nor must I omit to give due credit to Mr. Chapman, who, during the whole of this period, was Financial Secretary, and who, fortunately for the Government and for me, still holds that post. It is not now my object to enter into a detailed review of the Financial Administration of past years; but if I were to do so, I might say much more to show the extreme care with which it has been directed. It must be remembered, also, that during this period considerable reductions in taxation were effected; besides the abolition of the Income Tax, which for my own part I regret, the Customs Tariff was revised, and some of its most objectionable features removed: a great portion of the duties on exports have been swept away; the general rate of import duty has been reduced from 7½ to 5 per cent.; and the whole of the tariff valuations have been carefully corrected.

Present Financial Condition.

It is no doubt very encouraging to find that since 1869-70 we should have paid our way so well: we must not, however, deceive ourselves into supposing that the facts which I have stated prove that the Finances are in a condition which leaves nothing to be desired: it ought clearly to be understood that, if such charges as those for famine and for unremunerative public works cannot be provided out of the ordinary revenues, the state of our finances must be unsound.

* The following abstract shows how Ways and Means were provided for the Public Service during these seven years. It will be seen that besides the *Deficit of Imperial Revenue*, Rs. 12,98,20,550, we had to find Rs. 1,52,03,280 for the several *Service Funds*, Rs. 5,20,04,100 for *Loans to Native States and Public Bodies* (including Rs. 2,01,27,802 for the purchase from the Bombay Port Trust of the Elpinstone Company's Property), and Rs. 1,66,20,930 for the *Guaranteed Railways*. Moreover, we raised the *Balances in our Treasuries at Home* and in *India* from Rs. 13,20,17,840 by Rs. 4,67,06,090 to Rs. 17,87,23,930. Thus altogether our obligations in excess of our Revenues amounted to Rs. 26,03,54,950. Of this amount, the *Surplus of Provincial and Local Revenues* yielded Rs. 51,96,530. *Savings Bank Deposits* supplied Rs. 88,28,280; the net result of the *Deposit* and *Remittance* transactions was in our favour by Rs. 1,79,07,790 (chiefly repayments by Her Majesty's Government of advances made in India for the Abyssinian Expedition), and we borrowed Rs. 22,84,22,350.

Abstract of Ways and Means Account, 1869—76.

	Rs.		Rs.
Surplus of Provincial and Local Revenues ...	51,96,530	*Deficit of Imperial Revenues* ...	12,98,20,550
Savings Banks Deposits	88,28,280	*Balance of transactions with Service Funds*	1,52,03,280
Balance of Deposit and Remittance Accounts	1,79,07,790	*Loans to Native States and Public Bodies*	5,20,04,100
Borrowed	22,84,22,350	*Guaranteed Railway Capital withdrawn* ...	1,66,20,930
		Balances in Treasuries increased ...	4,67,06,090
	26,03,54,950		26,03,54,950

Present Financial Condition.

These questions are so serious that I wish to refer to them before going further; for, unless we have clear conceptions regarding them, it will be impossible to understand what our financial position really is.

FAMINE AN ORDINARY CHARGE.

It cannot be too distinctly stated that charges for the relief of famine must be looked upon as ordinary charges; they are so shown in the Accounts of the present year, and in the Estimates now before the Council; and they were shown in the same way for the Bengal famine by the Government of Lord Northbrook. In the Financial Statement for 1874-75, Lord Northbrook showed very clearly that, whatever means we may take to obviate or mitigate these calamities, famines cannot, under present circumstances, be looked upon as occurrences of an extraordinary character; he said that, in the ten years which had elapsed before 1874, there had been three serious famines in India—the Orissa famine in 1866, the famine in Northern India in 1869, and the famine in Behar in 1874. We have now, unhappily, to add a fourth to the list, that from which a vast tract of country is now suffering, and which will, I fear, prove a not less serious calamity than those which preceded it. Such being the facts with which we have to deal, we cannot, as Lord Northbrook stated, safely depend upon loans for meeting the charges on account of famine. "It is necessary," he said, "that, besides a fair surplus of income over ordinary expenditure, such a margin should be provided, in addition, in ordinary times, as shall constitute a reasonable provision for meeting occasional expenditure upon famines:" if this condition, he said, were fulfilled, and a sufficient surplus secured in years of prosperity, deficit might be endured with less objection in occasional years of adversity. The Government of India, it was stated, had, therefore, resolved to use its best endeavours to maintain for the future a considerable surplus of income over ordinary expenditure, and thus to make provision beforehand for any calls which were likely to arise on account of famines. This resolution on the part of the Government was undoubtedly wise; but, since the charges for unremunerative public works cannot rightly be excluded, the conditions laid down in 1875 have not, in my judgment, been fulfilled: and considering that we have lost the income tax, it is impossible to anticipate that they will be fulfilled in future, unless we take some further steps for ensuring a larger surplus of income over ordinary expenditure.

NO UNREMUNERATIVE PUBLIC WORKS SHOULD BE EXTRAORDINARY.

I must now mention the other great Head of expenditure regarding which, if we wish to form a correct idea of our real financial position, it is essential that there should be no misunderstanding: I refer to those great public works undertaken to meet the political and military necessities of the empire, but which are not expected to be directly remunerative.

As an illustration of the kind of works to which I now refer, I will take the railways already mentioned, which are under construction in the Punjab and on the Sindh Frontier: these works will doubtless be very beneficial to the country through which they pass; but they are not undertaken on such grounds as this, but because they are considered, for political and military reasons, to be essential to the service of the Empire; there is no profession that they will be directly remunerative; and, if we have borrowed money for them, we have done so simply because it was held impossible to construct them in any other way; such works cannot properly be called Extraordinary in the technical sense in which we now use that term. They differ only in magnitude, and not in kind, from the works which we pay for out of the ordinary revenues, such as barracks, or fortifications, or other works which involve a heavy outlay and give no direct return. I am afraid that it can hardly be denied that the system which has hitherto been followed, under which these necessary, but not directly remunerative works have been mixed up with works which we expect to be directly profitable, has tended to make us less chary in spending money, than we should have been if the expenditure had been shown, as the famine expenditure is shown, among the ordinary charges of the year: our public Accounts ought to give a complete statement of the actual facts of our financial position, with no reservations or evasions, however unpleasant the appearance of the facts may be.

I wish it had now been practicable to remove altogether from the Extraordinary head of account all the works of the class which I have

been describing: it has, however, been decided that we cannot now do this, and that we had better not attempt to correct past errors of classification: for the future, it has been resolved, in communication with the Secretary of State, that no work shall, under any circumstances, be classed as Extraordinary, unless we are satisfied that it will yield a net income sufficient to cover the interest upon its capital cost: it has also been decided, in respect to future works, that, if a work has been classed as Extraordinary, and it be ascertained, subsequently, that the estimates of profit were fallacious, any further expenditure upon it shall not be treated as Extraordinary, but entered among the ordinary charges. I think, for my own part, that there is very much to be said in favour of the view that we might, with propriety, go much further, and do away with all distinction between Ordinary and Extraordinary expenditure: this would involve no change in our policy; we should still borrow money for useful works; and, although our Budget Statements might usually close with the announcement of a deficit instead of a surplus, and would have a less agreeable appearance, the deficits would have no more real or serious existence than they have now: this, however, is a matter which I need not now discuss: the decision which I have now stated, and on which the Government is resolved to act, will, at any rate, place matters on a sounder basis in future.

Present Financial Condition.

The figures which I have given show that, during the past seven years, we should have just managed, after meeting all charges for unremunerative Public Works, to bring our expenditure within our income, if there had been no income-tax and no famine: but we cannot omit famine from our calculations; and we have now no income-tax: it therefore follows, judging by the experience of these seven years, that our ordinary revenues are just sufficient to meet all ordinary charges excepting those for the relief of famine, for which we may consider that no provision is now made: I think that the estimates of the current and coming years tend to confirm this general conclusion.

Larger margin of surplus wanted.

What, therefore, we now have to do, is to establish a sufficient margin of annual income over ordinary expenditure, to enable us to meet with certainty not only the charges for famine relief, according to the principle laid down by Lord Northbrook, and charges for unremunerative public works, but for other demands which cannot be foreseen, but which will inevitably occur: this is the more important because, in India, we have, under present circumstances, almost no means, such as those which can always be applied in England for temporarily increasing the public income to meet a temporary necessity.

Our financial position also requires improvement to enable us to carry out measures necessary for the regular progress and better administration of the country: there are administrative improvements which are very necessary; and, above all, there are urgent fiscal reforms, closely affecting the economical and commercial interests of India, which, for want of means, have hitherto been hardly touched. It is easy to give illustrations of my meaning: there are the duties on cotton goods, of which I shall have to speak again; and, independently of them, I do not think that any one will maintain that our Customs Tariff is in a satisfactory condition. Then, there are the Inland Sugar duties, to which also I shall refer again presently: six years ago I heard them called, in this Council, the most discreditable relic of the dark ages of taxation that exists in India: every one agrees in this judgment; but the Sugar duties still exist. Take, again, the system under which we levy our Salt revenue in Northern India: no one denies that it is a positive disgrace to a civilized Government; but it remains unaltered. The time is perhaps hardly come for talking of the repayment of debt as a practical object to be aimed at, or for hoping that we may be able to dispense with borrowing even for reproductive public works: for works which are not reproductive we ought not, except under the pressure of extreme necessity, to borrow a sixpence: the increase of debt is so serious an evil, that we must strive to reduce our borrowing to a minimum even for remunerative works, and provide as much money as possible for them from ordinary revenues; so always that we do not allow this determination to check the progress of necessary great works of public improvement, or to interfere with the execution of great fiscal reforms such as those which I have mentioned.

Fiscal reforms urgently wanted.

Present Financial Condition.

UNCERTAINTY OF VALUE OF SILVER.

There is another matter which obviously has a most important bearing on this subject—the question of the future value of silver: I am afraid that we cannot, with any confidence, expect to avoid serious loss hereafter from disturbances in the relative values of the precious metals; and no one can now measure the future deranging effect upon our finances of these disturbances. In connection with this subject, I must mention the great importance of sparing no efforts to prevent the increase of the sum which we have to pay annually in England in gold. I have referred to this subject in my separate Minute, and have said that, although I do not now wish to give opinions in regard to the measures, if any, which ought to be adopted, the subject is receiving, and will continue to receive, all the attention which the Government can give it.

In asserting that our financial position must be improved, I by no means desire to see the improvement pushed to an extreme: I wish for no such surplus of income over expenditure as would involve the necessity of imposing heavy burdens on the country or might tempt the Government to launch out into extravagancies: I ask, only, for such a reasonable margin on the right side of the account, as will enable us to pay our way honestly, to avoid increasing the burden of debt, and to carry out, at a reasonable and moderate rate, necessary measures of administrative and economical progress.

DESIRED IMPROVEMENT CANNOT BE EFFECTED THIS YEAR.

Now it is certain that we cannot bring about in the coming year any such improvement as I desire: with famine in a large part of India it is obvious that no time could be so inopportune as the present, not only for imposing fresh burdens on the people who are suffering, but even for measures involving serious administrative changes: we could not, at such a time as this, ask the Governments of Madras or Bombay even to undertake the examination of new financial schemes: all that we can now attempt is to lay down, as fully as we can, the principles by which the Government of India intends to be guided, and to take such steps as may be practicable for carrying out our programme in those provinces which are in a prosperous condition.

The only means by which the necessary improvement in our financial position can be gained are fresh taxation, or reduction of expenditure, or increased productiveness of existing sources of revenue, or a combination of these means.

NO NEW IMPERIAL TAXATION.

It will be understood, from what I have already said, that I have no measures to propose at present for the imposition of any general taxation: it may be a cause of special relief to some of my audience to learn that the rumours which we have heard from time to time about the re-imposition of an income-tax have no foundation. As to the income-tax, I freely confess that I regretted its disappearance; but there has been no thought of restoring it. The Government is obliged to propose some other taxation, of which I shall speak further on.

PROVINCIAL TAXATION.

REDUCTION OF EXPENDITURE.

In regard to reduction of expenditure, the only head under which there has, lately, been any serious increase of charge is the Army; I have mentioned this in the Minute now before the Council as a cause of grave anxiety, over which the Government of India has comparatively little control: in regard to the possibility of future reductions of Military Expenditure, all I can say is that the Government of India will do everything that it properly can do to effect them. It is only in the great Imperial Services that we can now hope to see much done in this direction; for there is comparatively little room for saving on the ordinary charges of the Civil Administration carried on, for the most part, by the Local Governments: we have, however, every reason to believe that, under the system of provincial assignments established in 1871, and which we are now further developing, these charges will bring no fresh burdens in future on the Imperial Treasury; and the actual reductions of Imperial Expenditure, for which we are able to take credit in our Estimates for the coming year, in consequence of the extension of that system, are, as I shall presently show, not unimportant.

MILITARY EXPENDITURE.

IMPROVEMENT OF EXISTING REVENUES.

I believe that much may be done to increase the productiveness of existing sources of income, and I will explain the measures by which the Government hopes that this may be effected.

We all remember the schemes which a great Englishman put forth, some twenty years ago, for the better government of India. He told us, with an

eloquence which he alone possesses, of the folly of supposing that so vast a country, with its twenty different nations and its twenty languages, could ever be bound up into a single State. "What you want," he said, "is to decentralize your Government: what would be thought if the whole of Europe were under one Governor who knew only the language of the Feejee Islands?" Now, much as I respect Mr. Bright—and no one has a sincerer respect for him than I have—I am not going to defend the projects by which he would have abolished the Governor-General-in-Council and would have established half a dozen separate Governments in India, having no connection with each other, and each of them directly subordinate to the Secretary of State at home: I believe that, sooner or later, the result of such a plan, if it were put in operation, would be the destruction of our Indian Empire; and I am not one of those people, who unfortunately are not wanting now-a-days, who can look with complacency on such a prospect; nor will I accept it as even a possible contingency. Present Financial Condition.

If there be one thing more essential than another in India, it is, in my opinion, a strong Central Government; and I utterly disbelieve that we can ever get such a Government out of India itself. Nevertheless, there was a basis of truth and wisdom in Mr. Bright's proposals: it is, in many respects, quite true that what we want is to decentralize our Government; although I dislike the term decentralize, because it conveys to many people the false notion that we desire to diminish the central authority of the Supreme Government: on the contrary, we desire to see that authority increased, and made the strongest possible reality; and I am convinced that we can only maintain true imperial control by refusing to meddle with details which the local authorities can alone understand, and with which they alone can intelligently deal: no Government, whether it be Imperial or Provincial, can ever really deserve to be called strong, unless it be conducted on these principles. CENTRAL GOVERNMENT MUST BE STRONG.

As Your Excellency told us the other day, on a very different occasion from this, we have been far too much disposed to disregard the fact that India is no homogeneous country, but a continent containing many nations, the differences between which are at least as great as those which exist between the nations of Europe: it is farther from Lahore to Calcutta than from London to Naples; and, wide as the difference is between England and Italy, there is probably far less difference between those two countries in all their physical conditions, and far less difference between their inhabitants, than there is between the Punjab and Bengal. Nor is it at all true that our existing Indian Provinces are merely artificial divisions: there are, no doubt, varieties of race and language and customs to be found within a single Province; but Bengal, Madras, Bombay, the North-Western Provinces, and the Punjab have, nevertheless, each of them, a fairly well-defined and distinct character.

I believe that the views which I have now been stating, and which Your Excellency has, on more than one occasion, publicly declared, are especially true in regard to measures of taxation and finance; we should think it very unreasonable to suppose that the same plans of taxation and financial administration are applicable to all the countries of Europe; and it is just as unreasonable to suppose that the same plans are applicable throughout India; a system which may be excellent in one Province may be as bad as possible in another.

Now, the Government is not so foolish as to imagine that there is any essential distinction between provincial and imperial taxation, or between provincial and imperial expenditure: when we talk of throwing upon the Local Governments new responsibilities for increasing the public revenues; or of relieving our finances by making provincial certain obligations which have hitherto been imperial; we are not so ostrich-like, or so dishonest, as to imagine or to profess, that, by any juggle of names, we can alter the nature of new taxation and make it less burdensome to the people; or that the actual expenditure of the Empire is diminished, when we say that charges for certain classes of works, which have hitherto been imperial, shall henceforth be provincial; indeed, in the Accounts as now remodelled, no distinction whatever is made between imperial and provincial revenue and expenditure. I have, nevertheless, a strong conviction that decentralization, leading, as I believe it, infallibly, will do, to improved administration, will bring about a great increase in the productiveness of existing sources of revenue, great diminution of the evils of fresh taxation if fresh taxation becomes necessary, and great economy in expenditure. NO DISTINCTION BETWEEN IMPERIAL AND PROVINCIAL TAXATION. DECENTRALIZATION.

Lord Mayo's Measure, 1870.

In regard to expenditure, an important step was taken by Lord Mayo six years ago. I will ask Your Excellency, although I am afraid I have no better object than that of saving myself a little additional trouble which would be entailed by explaining my views over again to the Council, to allow me to read a passage from an old paper of my own, in which I endeavoured to describe the reasons for the measures taken by the Government of India in 1870: a clear conception of those reasons is essential to the proper understanding of the plans which are now proposed.

QUOTATION FROM SIR JOHN STRACHEY'S MINUTE ON LORD MAYO'S ADMINISTRATION.

"Under the system which Lord Mayo found in force when he became Viceroy, the Local Governments, which practically carry on the whole administration of the country, had almost no powers of financial control over the affairs of their respective provinces, and no financial responsibility: everything was rigorously centralized in the Supreme Government, which took upon itself in detail the provision of funds for every branch of the public service throughout India. The business of supervising in a central office all the details of the receipts and expenditure of the empire had become so enormous, that its proper performance was impossible: 'I do not think,' wrote Sir Henry Maine in 1867, 'that anybody can have observed the recent workings of our system of financial control, without coming to the conclusion that, if it be not on the point of an inevitable collapse, it is, at all events, in great danger of going to pieces unless the strain be lightened somewhere.'

"For many years before Lord Mayo became Viceroy, the ordinary financial condition of India had been one of chronic deficit; and one of the main causes of this state of affairs was the impossibility of resisting the constantly increasing demands of the Local Governments for the means of providing every kind of improvement in the administration of their respective Provinces: their demands were practically unlimited, because there was almost no limit to their legitimate wants: the Local Governments had no means of knowing the measure by which their annual demands upon the Government of India ought to be regulated: they had a purse to draw upon of unlimited, because unknown, depth; they saw, on every side, the necessity for improvements; and their constant and justifiable desire was to obtain for their own Provinces and people as large a share as they could persuade the Government of India to give them out of the general revenues of the empire; they found by experience that the less economy they practised, and the more importunate their demands, the more likely they were to persuade the Government of India of the urgency of their requirements: in representing those requirements, they felt that they did what was right; and they left to the Government of India, which had taken the task upon itself, the responsibility of refusing to provide the necessary means.

"The Government of India had totally failed to check the constant demands for increased expenditure: there was only one remedy—to prevent the demands being made; and this could only be done by imposing on the Local Governments a real and effectual responsibility for maintaining equilibrium in their local finances: there could be no standard of economy until apparent requirements were made absolutely dependent upon known available means: it was impossible for either the Supreme or Local Governments to say what portion of the Provincial revenues was properly applicable to local wants: the revenues of the whole of India went into a common Fund, and to determine how much of this Fund ought fairly to be given to one Province and how much to another, was impracticable. 'The distribution of the public income,' General Strachey wrote, 'degenerates into something like a scramble, in which the most violent has the advantage, with very little attention to reason: as local economy leads to no local advantage, the stimulus to avoid waste is reduced to a minimum: so, as no local growth of the income leads to an increase of the local means of improvement, the interest in developing the public revenues is also brought down to the lowest level.'

"The unsatisfactory condition of the financial relations between the Supreme and the Local Governments led to still more serious evils: constant differences of opinion about petty details of expenditure, and constant interference of the Government of India in matters of trivial importance, brought with them, as a necessary consequence, frequent conflicts with the Local Governments regarding questions of provincial administration, of which they were the best judges, and of which the Government of India could know little: the relations between the Supreme and Local Governments were altogether inharmonious; and every attempt to make financial control more stringent, increased an antagonism, the mischief of which was felt throughout the public service.

"To Lord Mayo belongs the honour of applying the only effectual remedy for these serious evils: he resolved to give to the Local Governments the economical standard which they required; to make over to them a certain income by which they must regulate their local expenditure; and to leave to them, subject to certain general rules and conditions, the responsibility of managing their own local affairs.

"From the commencement of the official year 1871-72 the financial control of the following services was transferred to the Local Governments: Jails, Police, Education, Registration, Medical Services, Printing, Roads, and Civil Buildings.

"The views of Lord Mayo were stated by himself in the Legislative Council on the 18th March 1871, as follows:—'Under these eight heads it is proposed to entrust the administration, under a few general conditions, to the Provincial Governments, and a fixed contribution will be made from Imperial Revenue every year. * * It is impossible to prophesy or say, at present, what can be done in the far future; but I should be misleading the Local Governments if I were not to say that it is our opinion that these sums are now fixed at an

amount which cannot be exceeded for at least a number of years: I think it desirable that this should be perfectly understood; because one of our objects is the attainment of as great an amount of financial certainty as is possible. * * But, in addition to the increased power of administration which it is proposed to give to the Local Governments, an administrative change will take place, which I think they will be able to exercise with advantage: they will have a large sum to devote to local objects; the power of allotment will be left absolutely to them; and they will be able to vary their grants for roads, civil buildings, education, and other heads, from year to year, as they may think most desirable; in some Provinces it may be desirable in one year to spend a larger sum on roads; in others it may be desirable to fill up some shortcomings with regard to education or other objects. The Local Governments will thus be able to exercise that power of allotment with much greater satisfaction to themselves and to the public, than they did under the old system, when they were obliged to consult the Supreme Government, not only as to the allotments that were made in the beginning of the year, but also with regard to any appropriations that were thought desirable within the year, provided that those appropriations exceeded a certain amount.

Lord Mayo's Measure, 1870.

* * I have heard it stated that, by the proposals which we make, there may arise a separation of interests between the Supreme and Local Governments: I fail to perceive any strength whatever in this assertion: I believe that, so far from there being a separation of interests, the increased feeling of responsibility and the feeling of confidence which is reposed in them will unite and bind together the Supreme and Local Governments to a greater extent than before. * * I believe that we shall see, in place of greater uncertainty, greater certainty; we shall see works and objects carried on with more vigour, enthusiasm, and with less hesitation, when these works and these objects are effected under the immediate responsibility of those who are most interested in them.'

"The gross sum made over to the Provincial Governments for these services, and some few others transferred since the scheme was first introduced, amounted, including receipts given up, to about £5,600,000."

After nearly six years' experience, we can confidently say that the results of the new system have been thoroughly satisfactory. Objections have been made to some of the details; and Local Governments have often said that the change did not go nearly far enough; but, in regard to the main principle and the general success of the new arrangements, I believe that neither the Government of India nor any Local Government has ever felt a doubt. Every object with which the change of system was made has more or less been gained: the old friction between the Supreme and Local Governments has been greatly diminished; the authority of the Supreme Government and its powers of general control, instead of being weakened, have become stronger and more real, since the attempt to interfere in all sorts of petty details was abandoned; the Local Governments have been able to carry out many measures of improvement which would otherwise have been impracticable; and, so far as I know, there has not been a single counterbalancing disadvantage.

Results of Lord Mayo's Measure of 1870.

The most important object of all, so far as the Imperial finances are concerned, that of economy and preventing increase of expenditure, has been completely gained, as I think the following figures will show. The charges which were made over to the Provincial Governments were selected because they were especially liable to increase. In 1863-64 the net expenditure for the services afterwards transferred to the Provincial Government was £5,112,000; and, during the four following years, it continued to rise, until in 1868-69 it amounted to £6,030,000: in 1869-70 it was nearly the same, but a little less. In 1870-71, before the new system was introduced, a determined and successful effort was made by Lord Mayo's Government to reduce the charges which had been growing at so alarming a rate; and they fell, in that year, to £5,197,000. The new system of which I have been speaking was then introduced; and, after it had worked for five years, the result, in 1875-76, was that the charges for the assigned services were £5,305,000: there was practically no increase of expenditure; the total charges were only about £200,000 more than they were in 1863-64; they were less by £700,000 than they were in 1868-69. It is true, as I have just shown, that the great reduction took place before the change was actually made; but, if we may judge from what had happened before, the demands of the Local Governments for larger grants to carry out administrative improvements would certainly have gone on increasing; and I believe they would have been as irresistible as before.

I will not take up the time of the Council with details showing the manner in which the charges for each of the assigned services have varied; but it may

Lord Mayo's Measure, 1870

be said generally that there has been no growth of expenditure under any heads, excepting *Education* and *Medical*: these charges, which were £458,000 in 1863-64, and £909,000 in 1870-71, rose to £1,007,000 in 1875-76: in other words, the people have got more Schools, and Hospitals, and Dispensaries, although less money has been spent on Jails and Police. The financial results of the new system have, thus, been entirely satisfactory; the constantly recurring demands, and the consequent embittering controversies between the Supreme and Local Governments have ceased; and, I repeat, that, not only has all this been attained without any sacrifice of financial authority on the part of the Government of India, but there can be no question that this authority is stronger and more efficient than before. From the time in which the new system was introduced until now, I do not believe that one single authority who has seen how it has worked has expressed anything but confident approval of the principles on which it was based.

LOCAL TAXATION.

When the measures of 1870 were taken, there was a great deal of talk about local taxation; and it was loudly asserted that new burdens were being imposed on the country which were none the less serious for being called local. There was no foundation for this statement, nor did the Local Governments obtain any powers of taxation beyond those which they previously possessed: the truth is that, excepting in the Punjab and Oudh, where new rates for local purposes were imposed on land by Acts of the Imperial Legislature, and to a very small extent in Bombay, the measures of 1870 led to no fresh taxation whatever. The estimated revenue, throughout the whole of India, from local taxes, rates, and cesses in 1877-78 is only £2,233,000.

Development of Lord Mayo's Measure of 1870

The weak point in those measures was this, that, while they transferred to the Local Governments the responsibility for meeting charges which had an undoubted tendency to increase, the income of which the Local Governments had to dispose, although not quite a fixed amount, had little room for development: the difficulty has perhaps not, hitherto, been generally felt to a serious extent, because it has been met by economy and good management: it must, however, be felt hereafter; and, for this and for still more important reasons, I have always maintained that the system of Provincial Assignments established in 1871 ought to be applied not only to expenditure but to income. What we have to do is, not to give to the Local Governments fresh powers of taxation, but, on the contrary, to do all that we can to render fresh taxation unnecessary, and to give to those Governments direct inducements to improve those sources of existing revenue which depend for their productiveness on good administration.

TRANSFER OF REVENUES

EXCISE AND STAMPS REVENUES

I will take as an example the two great heads of income, Excise and Stamps (including the items under Law and Justice hitherto reserved as Imperial Revenue), which are estimated to yield together, this year, net, £5,393,800. The whole of this goes into the Imperial Treasury: the increase or decrease in the receipts depends entirely, in the long run, on good or bad management; and bad management means the wasteful throwing away of revenue without any relief to the country. The administration, although centralized in the Government of India, has to be carried on by the officers of the Local Governments, and I doubt whether there is a single Province in which great improvement in the administration is not possible: throughout a large part of India the evasion of the Excise and Stamp duties is notorious; and, although I will make no guesses about the amount of revenue which we are thus losing, my belief is that it is very large. I have a strong conviction of the financial importance of this matter; and the importance is not merely financial, if I am right in believing that better administration would give us a large additional revenue of a thoroughly unobjectionable character, without the country feeling that any new burdens had been imposed upon it.

SURRENDER OF REVENUES TO LOCAL GOVERNMENTS.

How is this better administration to be obtained? The answer seems to me simple: it can be obtained in one way only; not by any action which gentlemen of the Financial Department, or any other Department of the Supreme Government, can take while sitting hundreds or thousands of miles away in their offices in Calcutta or Simla; not by examining figures and writing circulars; but by giving to the Local Governments, which have in their hands the actual working of these great branches of the revenue, a direct and, so to speak, a personal interest in efficient management. It may

be very wrong, but it is true, and will continue to be true while human nature remains what it is, that the local authorities take little interest in looking after the financial affairs of that abstraction, the Supreme Government, compared with the interest which they take in matters which immediately affect the people whom they have to govern. When Local Governments feel that good administration of the Excise and Stamps and other branches of revenue will give to them, and not only to the Government of India, increased income and increased means of carrying out the improvements which they have at heart, then, and not till then, we shall get the good administration which we desire; and with it, I am satisfied, we shall obtain a stronger and more real power of control on the part of the Central Government than we can now exercise.

Development of Lord Mayo's Measure of 1870.

CENTRAL AUTHORITY NOT WEAKENED.

We have not yet been able to work out in detail all the arrangements for carrying out this policy; and it is only with the Governments of Bengal, the North-Western Provinces, and Oudh, that it has hitherto been possible even to communicate officially on the subject. Although there will be nothing in the proposed measures requiring legislation, their importance is so great that I will give to the Council some account of the plans which have been, in all points of importance, settled with the complete and cordial concurrence of the Local Governments which I have named.

Arrangements with Local Governments about income and ordinary expenditure.

I will explain first the measures taken for the North-Western Provinces. We propose to transfer to the Local Government the Revenues derived from Excise, Stamps, Law and Justice, Collections from the Tarai and Bhábar and Dúdhí estates, and some miscellaneous items: the total amount which the Local Government will make good to the Imperial revenues on these accounts will be £698,400: this sum exceeds by £4,700 the amount estimated to have been actually received in the present year. The most important of the revenues transferred are Excise, Stamps, and the hitherto reserved revenues under Law and Justice: the net revenue assigned under these heads is £640,600; and the transfer has been made subject to certain conditions. These sources of revenue have gone on pretty steadily increasing throughout India; and it is not proposed to surrender to the Local Governments any part of that normal growth of income which might have been expected to continue if no change of system had been made. On the other hand, while we desire that the Local Governments shall share largely in any increase of revenue to which their own improved administration may lead, it is evidently reasonable and necessary that the Imperial revenues should share in this increase also. In the North-Western Provinces, however, these particular sources of revenue have grown less, and fluctuated more, than elsewhere, and it is proposed that, for the two next years, the Local Government shall pay to the Imperial Treasury one-half of any net increase which may result under its management, the Government of India undertaking on its part to bear half of any deficit: two years hence, the arrangement will be open to revision. If there should be any new legislation intended to increase or reduce any of the assigned revenues, the amount due to the Imperial Treasury will have to be reconsidered.

THE NORTH-WESTERN PROVINCES.

REVENUES TRANSFERRED.

As regards expenditure, it is proposed to reserve as Imperial those grants only which, for some particular reason, it seems inexpedient to transfer to provincial responsibility: these are as follows:—

EXPENDITURE RESERVED TO IMPERIAL RESPONSIBILITY.

	Estimated Grant, 1877-78. £
(1).—*Interest on other Accounts*	2,400
(2).—*Refunds (excepting refunds of Excise, Stamps, Law and Justice, and Deposits)*	9,600
(3).—*Settlements*	102,800
(4).—*Allowances to District and Village Officers*	32,700
(5).—*Special temporary increase to the pay of Covenanted Civil Servants*	4,500
(6).—*Forests*	43,700
(7).—*Account and Currency Offices*	22,000
(8).—*Minor Departments*	8,800
(9).—*Ecclesiastical*	20,000
(10).—*Medical Establishments*	28,600
(11).—*Political Agencies*	3,000
(12).—*Allowances and Assignments*	52,000
(13).—*Superannuation, Retired and Compassionate Allowances* ...	62,500
(14).—*Miscellaneous*	3,500
	396,100

Arrangements with Local Governments about Extraordinary Expenditure.

The reasons for the reservation will, in most cases, be self-evident; and I need not trouble the Council with them: I will only say, in regard to one of the heads, "Forests," that the question remains to be considered whether this ought not also to be transferred to local management. The amount provided for these reserved services in the Estimates of 1877-78 is altogether £396,100.

SERVICES TRANSFERRED TO MANAGEMENT AND RESPONSIBILITY OF GOVERNMENT OF N. W. PROVINCES.

The principal remaining services are Land Revenue, Excise, Stamps, Administration, Stationery, and Law and Justice. These and some others were estimated to cost, in 1877-78, £736,300: the existing provincial allotment for Police, Jails, Education, and the other services transferred under the arrangements of 1870, is £651,100: the total charges for which the Local Government will be responsible amounts, therefore, to £1,387,400. The Local Government, however, is satisfied that it can undertake those services with a somewhat smaller consolidated grant; and the sum of £35,400 will, therefore, be deducted from the total assignment, and will be a saving to the Imperial Treasury, leaving as the net amount to be actually granted £1,352,000. The revenues made over being £698,400, the net expenditure from the reserved Imperial revenues will be £653,600: subject to the conditions on which the transfer is made, the Local Governments will be entitled to add to its Balance in the Imperial Treasury any sum by which the provincial income in any year exceeds the provincial expenditure, and must, on the other hand, make good any sum by which that expenditure exceeds the income.

CONDITIONS OF TRANSFER.

It will be incumbent upon the Local Government, in managing its finances, never to exhaust the Balance at its credit with the Government of India; the Government of India will not accept any Estimates or allow any transactions which involve the expenditure of more money than is at credit of the Local Government in the Imperial Treasury; and it will be the duty of the Accountant General, on behalf of the Government of India, to take care that this condition is never infringed; to enable the Government of India to enforce this condition, the Local Government, when submitting its yearly estimates, will always state its opening Balance, and the effect thereon of the estimates presented. Subject to this condition, and to the other rules and restrictions which have been laid down, the Local Government may spend at its own discretion the funds placed at its disposal. I need not describe these rules and restrictions in detail; but the most important of them provide that, without the previous sanction of the Government of India, no fresh taxation can be imposed, or any change made in any system of revenue management; no new general service can be undertaken; no appointment with pay exceeding Rs. 250 a month can be created, or reduced, or abolished; and no class or grade of officers can be created or abolished or its pay altered; that no standing order or rule of the Supreme Government shall be changed, and that returns and accounts shall be submitted in the forms prescribed. Full power is reserved to the Supreme Government to modify, add to, or repeal any of these restrictions and conditions. The liberty of action thus conceded will not affect the duty of the Local Government to keep the Governor General in Council, in the several Departments, fully informed of its executive and financial proceedings: the Government of India will continue to exercise its general powers of supervision and control in all Departments; but it will, as far as possible, avoid interference with the details of the local administration, and everything which might lead to embarrassment of the provincial finances.

BENGAL AND OUDH.

I will not take up the time of the Council by describing in detail the arrangements made for carrying out a similar change of system in Bengal and in Oudh, because they are, in all matters of principle, similar to those adopted in the North-Western Provinces. The scale, however, of the whole settlement with Bengal is much larger; the exact figures are not yet quite fixed; but the total amount of the revenue surrendered in 1877-78 for provincial uses will not be less than £1,910,000, and the total expenditure transferred for the same year will not be less than £2,430,000. A retrenchment of £59,000 from the existing grants has been made, with the consent of the Local Government; and the existing Imperial expenditure will consequently be reduced by this sum.

Altogether, the immediate saving to the Imperial Treasury by the arrangements entered into with Bengal, the North-Western Provinces, and Oudh, is

£101,700, besides the guarantee of normal increments to the transferred revenues, amounting to £44,000: the estimates of the year are thus better by £145,700 than they otherwise would have been. I hope that when it becomes possible to enter into similar arrangements in other Provinces, equally satisfactory results may be obtained.

Arrangements with Local Governments about Extraordinary Expenditure.

The measures of which I have hitherto spoken will, we confidently hope, lead to improvement in administration, to economy in expenditure, and to increase of revenue, while they involve no fresh taxation. There are other measures, closely connected with them, which the Government proposes to adopt, which cannot, I am sorry to say, be carried into effect without an increase to existing burdens, an increase which, although it involves no fresh imperial taxation, will not, on that account, be less real. We propose, so far as it may be practicable, to make each Local Government responsible not only for the management of many of the great public works which we are constructing with borrowed money, but for meeting the charges which these works entail.

Extraordinary Works.

Local Governments to guarantee interest on Extraordinary Expenditure.

I must now refer to the system under which our so-called Extraordinary public works are carried on.

System of Extraordinary Expenditure.

No one is more alive than I am to the importance of providing the railways and works of irrigation which India requires; and, for my own part, nothing would induce me to support a policy which interfered with their progress. Our railways have, in my opinion, been constructed on a scale more expensive than was necessary, and the system of guaranteeing interest on the capital expended has led to extravagance: I believe that the money which has been actually spent on our railways would have been sufficient, if it had been spent in a more economical way, to cover India with a net-work of railway communication sufficient for all the commercial and political requirements of the country, if not for all the luxuries of locomotion: but it is easy to be wise after the event; the Government of the day had practically to choose between having these expensive railways, and having none at all; and its choice was perfectly right. Although the system of borrowing under which India has had to pay for these works has entailed very serious burdens, the benefit which they have conferred upon the country has been literally incalculable: I will say nothing of the enormous increase of wealth and prosperity which they have given us; I will only ask you to reflect on what would, at this moment, be happening through a vast extent of country in Western and Southern India if we had no railways: but for them, the people would probably be now dying of starvation by hundreds of thousands; and it would have been beyond the power of the Government to save them, if it had devoted to the task all the resources of the Empire. With such facts as these, and those which I have narrated regarding these railways in my review of the Regular Estimates, staring us in the face, the statements which we sometimes hear that these works ought not to have been constructed with borrowed money, and that we ought to have waited until we could provide the necessary funds from the surplus resources of the year, seem to me to deserve no serious consideration.

Importance of Railways and Canals.

Value of Guaranteed Railways

We may say the same of the great works of irrigation: the works already in operation have enormously enriched great tracts of country, and have provided for many millions of people security against famine: no one who has seen, for example, as I have, the irrigated districts of the North-Western Provinces, and who remembers what they were before the canals were constructed, can doubt the priceless value of the benefits which they have conferred. I will not now enter into the causes, arising, in my opinion, mainly from defective systems of financial management, which, in many instances, have prevented these great and admirable works from giving as speedy and as large direct returns as they ought to have given; but I have no doubt that these causes are removable.

and of Canals.

Although the value of our railways and canals is so immense, and the necessity of going on with their construction so obvious, I have always felt that the system under which we are incurring, on this account, a heavy load of debt is attended with very serious evils; and I hope that it will not be imagined

Financial dangers.

Extraordinary Works.

NO RELAXATION OF CONDITIONS INTENDED.

that in proposing the changes of policy of which I am about to speak, the Government intends to relax the stringency of the rules which the Secretary of State and the Government of India have prescribed in regard to the construction of public works with borrowed money: we desire, on the contrary, to make these rules more stringent, and to obtain more complete security that, except under special circumstances, and for the necessary protection of great imperial interests, no money shall be borrowed for any works in respect of which we cannot say, with certainty, that the direct receipts will, at the very least, cover the interest on the capital expended.

SYSTEM OF FORECASTS OF FINANCIAL RESULTS.

The system under which our so-called Extraordinary works are now carried on was described in the Resolutions of the Government of India in the Public Works Department, published in July 1873 and in June 1875: the conclusion arrived at by the Government of India in the former of these Resolutions was that we might continue, without fear of financial embarrassment, to borrow annually a sum of 4½ millions sterling for the extension of Railways and Irrigation works in India. The grounds of this belief were stated in the Resolution of 1875, in the following words:—

"In the year 1872-73, after deducting the net receipts derived from works in operation, there remained a sum of £2,378,140 charged to revenue for the interest of money borrowed whether directly by Government or indirectly through Guaranteed Companies, for the construction of reproductive public works: the term reproductive is meant to imply, not that all these works are likely to be in themselves remunerative as an investment of capital, but that their effect will be to add to the general wealth of the country. The condition of the finances was such as to satisfy the Government of India that a similar charge of £2,378,140 might be met in future years without increased taxation. As works under progress are completed, and as those lately completed are brought into fuller work, fresh receipts will come in: some increase is also to be expected from old works: in the forecast of 1873 the rate of expenditure upon works in progress and new works was so adjusted for five years, that the estimated additional annual charge upon revenue for the interest of money to be borrowed should be met by the estimated additional receipts, and no increased annual charge upon revenue should be incurred."

The Resolution goes on to say that the forecast of 1873 had been more than justified by the facts; but that it was deemed expedient to limit to four millions sterling, the annual outlay on reproductive public works classed as extraordinary, for the prosecution of which money might be borrowed,

"New tables," the Resolution continues, "have been prepared on this basis; they include the operations of 1872-73 and 1873-74 taken from the accounts of actual outlay, and those of 1874-75 taken from the Regular Estimates; the operations for 1875-76 are taken from the Budget Estimate, and those of the following four years from the best estimate that can be formed of probable operations. The new forecast extends to the financial year 1879-80; the excess of interest charges over net receipts is estimated to decrease from £2,357,696, the actual charge in 1872-73, to £1,939,806 in 1879-80: this charge is expected to average £20,203,126 per annum from 1875-76 to 1879-80: the result is on the whole much the same as in the calculations of 1873. No allowance has been made for the probability that surplus revenue will be applied to the construction of reproductive works: it will thus be seen that a considerable margin has been allowed for safety in these calculations. The result of the new forecast is satisfactory: it appears that, taking a moderate estimate of the growth of income from existing railways and irrigation works, and very small returns from the new works, an annual capital outlay of four millions for the next five years on State Railways and Irrigation works charged with interest at 4½ per cent. is not likely to lead to any increase of annual charge on the Revenues of India."

The appendices to the Resolution of 1875 show in detail the works which it was proposed to construct with borrowed money: for State Railways it was estimated that the total outlay from extraordinary funds up to the end of 1879-80 would be £22,183,675; for irrigation works up to the same date. the estimate of outlay was £14,125,363; making a grand total to be borrowed of £36,309,038: these figures include sums expended up to 1875. According to the Forecast, the net charge on the Revenues at the end of 1879-80 would be, as before stated, £1,939,806, and this sum was distributed as follows:—

	£.
Guaranteed Railways	1,215,000
State Railways	568,265
Irrigation Works	156,541

FORECAST SYSTEM BROKEN DOWN.

I believe that these forecasts were made with excellent care and judgment; and there is no reason for supposing that the anticipations of Lord Northbrook's

Government in regard to the growth of the income from the Railways and Canals will prove at all too sanguine; upon this subject I ask the attention of the Council to the facts stated in the review of the Regular Estimates for 1876-77 in my separate Minute. Nevertheless, in the last Financial Statement made by my predecessor, Sir William Muir, about a year ago, the Government was obliged to admit that the difficulty of carrying on the existing system had become extremely great: it was explained that, in consequence of the fall in the price of silver, the situation had become so grave, and the future so uncertain, that the Government of India had felt bound to review its position in respect of the expenditure on reproductive works from funds raised by loans: the Government, it was said, felt that it was not justified in adding to our future obligations by incurring any avoidable debt, even for the construction of works admitted to be beneficial to the country and in themselves remunerative: and it would, therefore, if it had been practicable, have altogether refrained, under the existing aspect of affairs, from borrowing for this purpose: such a course, however, could not have been taken without great loss, and it was necessary to complete the works which were in course of construction, not only to prevent waste, but in order that the capital already expended might bring in a return of revenue. Extraordinary Works.

"But," it was added, "the Government of India, though thus unable immediately to stop the expenditure from borrowed funds, are resolved at once to contract the sphere of operations. * * * So long as the present adverse prospects continue, this class of expenditure will be gradually diminished, so as, in the end, if need be, entirely to obviate borrowing for the purpose."

The whole question of our policy of borrowing money for public works has thus been, to some extent, re-opened. The truth, I think, is that it is impossible to foresee so confidently the financial conditions of the future that we can pledge ourselves to go on borrowing money, for a number of years, at the charge of the Imperial Treasury, without any fear that difficulties will arise. The progress of great works of improvement which, if carried out at all, ought to be carried out in a regular and systematic manner, thus becomes liable to interruption at any time by any temporary financial embarrassment: last year, our embarrassment was the depreciation of silver; this year, it is famine; next year, it may be something else. Policy re-opened.

Lord Mayo, in his speech in this Council on the 31st March 1871, made some observations on this subject which seem to me very true and very much to the point:—

"Unless," he said, "the Government is supported in organizing a system by which these works can be constructed without placing further serious charges upon Imperial Revenue, I greatly fear that many of these important operations may not be undertaken at all; or, if they are undertaken, they may run the risk of being stopped before they are finished."

and he went on to express his apprehension that we might otherwise have, in a few years, to witness either financial difficulty or the stoppage of some of these great and beneficial works. This anticipation has been exactly verified.

I am not so foolish as to imagine that there is any panacea for dealing with the difficulties with which this subject is surrounded; but I think that it is posssible to diminish them.

The works which have hitherto been classed as Extraordinary may be divided into three great classes:—*First*, there are works of the class which I have already mentioned, which, although they are not expected to be directly remunerative, are undertaken because they are necessary for Imperial purposes. I have said all that I have to say at present regarding them; and have explained that, if any new works of this kind are undertaken, they will be treated as Ordinary, and not Extraordinary works. Imperial unremunerative Extraordinary Works.

Between the *second* and *third* classes of Extraordinary Public Works, of which I have now to speak, there is no broad and distinct line of separation. They are, in both cases, works of improvement for developing the resources of the country, and for meeting its necessary requirements; and, in respect of them, it is anticipated that, besides the indirect advantages to the country arising from their construction, they will yield, within a moderate time, a direct income at least equal to the interest of the capital expended on them. Some of these works which I put into my *second* class are undertaken for objects of such general utility, that they may be fairly called Remunerative Extraordinary Works.

Extraordinary Works.

Imperial: the great trunk lines of railway, for instance, like those which connect Calcutta with Bombay, Madras and Lahore, or that which we hope before long will be completed from Ajmere to the Bombay and Baroda Line, are works which not only confer immense benefits on the Provinces and Districts through which they pass, but are essential to the wealth and prosperity of the Empire: the cost of constructing them falls, properly, so long as private enterprise is not forthcoming, on the Empire at large.

EXTRAORDINARY WORKS FOR PROVINCIAL AND LOCAL OBJECTS.

But there is another class, which I call the *third* class of great works of improvement, which are, primarily, works of provincial or local utility, undertaken for the special benefit of certain districts or places, with the object of increasing their wealth, or protecting them against famine, or for some other purpose: the Orissa canals, for instance, have afforded to that Province an insurance against famine; the Ganges Canal has given absolute immunity from famine to many districts of the North-Western Provinces; the Northern Bengal and the Tirhoot railways will be works of immense local value. There is, as I said before, no broad line of difference between such works as these and works of Imperial utility; Imperial works confer great local benefits; and works of local utility enrich the Empire; but, although the two classes of works thus run into one another, the distinction is, nevertheless, a real one, and it has not been sufficiently recognized.

CANNOT BE CONSTRUCTED FROM IMPERIAL RESOURCES.

It has been frequently said, and I suppose no one denies it, that it is impossible to meet from the Imperial Revenues the obligation of providing all the works of local improvement which India requires; but we still go on as if we believed this to be false, and continue to take in hand, at the charge of the Imperial Treasury, all sorts of works of little imperial importance, and the value of which is mainly and primarily local: these are the undertakings which cause so much financial difficulty.

I will give a few examples of the practical results of the system which we have been following.

FINANCIAL FAILURE OF CANALS IN BENGAL.

The total capital outlay on Irrigation works in Lower Bengal up to the end of 1875-76 was £4,072,742; and not less than £1,494,000 will be required to complete the works that are in progress: the gross income from these works in 1875-76 was £23,043, and the working expenses were £52,949; there was a dead loss on the year's operations, independently of interest on borrowed capital, of £29,906: the net loss in interest and working expenses during the year was £203,700; and the total accumulated loss up to 31st March 1876 was £878,100.

ORISSA PROJECTS.

The Orissa and Midnapore Projects had cost, up to 31st March 1876, £2,482,039; and are so far completed that water for irrigation on a large scale has been obtainable for several years past: in 1875-76, these canals yielded an income of £17,953, while the working expenses were £41,406: including interest, the net loss on these canals was £122,567, and the total loss up to 31st March 1876, was £666,131. The further works which it is proposed to undertake in Orissa will cost about £368,000 more; and no one, I believe, pretends that, within any time which can now be foreseen, there is the remotest chance, if things are left as they are, that we shall get any adequate return from this great expenditure.

SÔNE CANALS.

The Sône Canals in Northern Bengal had cost, to the end of 1875-76, £1,521,366; and more than £1,185,000 will be required to complete them: they will be, in the highest degree, beneficial; but I am confident that there is not, under the present system, any probability that they will, for many years to come, pay the interest on the capital outlay: the income in 1875-76 was £5,090, and the working expenses were £11,543. I do not lay stress on these figures, because the works are not finished; but it is a curious and most significant comment on them to be told, as we have been on the highest official authority, that the value of the crops saved by these unfinished canals in the single year of drought, 1873-74, was estimated at £480,000.

CANALS AND RAILWAYS IN BENGAL.

The lowest sum at which it is possible to estimate the capital outlay in Bengal on canals and local railways now in operation or in progress, exceeds £8,000,000. After expending £4,072,742 on canals, there was, as just shown, a dead loss to the Imperial Revenues in the year 1875-76 of £203,700 I do not wish to speculate on the results that would probably be obtained under the existing system when the total expenditure reached £8,000,000; but the prospect could hardly be more unsatisfactory: and in spite of all this, the works themselves are most useful and beneficial to Bengal.

I might give similar, although less extravagant, examples from the works in other Provinces; but I think that enough has been said to show that there must be something radically unsound in our existing policy.

Principle of local responsibility for interest on Extraordinary Expenditure.

I come now to the consideration of the remedies for the state of things which I have been describing.

COMPULSORY WATER-RATES.

Six years ago, there was much discussion on the subject of compulsory water-rates; and I wish to refer to that question, before going further, because it is more or less connected with the proposals which I am about to make. So much has been said and written in past times about it (and I am afraid that my own share in the discussion would fill a small volume), that I can hardly say anything which has not been said before: the question, it will be remembered, was one in which Lord Mayo took a deep interest; his views on the subject are well known, and I believe them to have been thoroughly sound. I must explain that, in what I am now about to say regarding compulsory rates for irrigation, I express my own opinions only, and in no way commit the Government at large. The practical measures which are now proposed may, however, be consistently approved by those who disagree with the views which I hold regarding compulsory water-rates; and, if I refer to this subject now, I do so chiefly because I wish to guard myself, personally, against the charge which might otherwise have been brought against me, that I was introducing a measure which I hoped would lead to results very different from those which were apparent on its face.

PUNJAB CANALS ACT.

The proposals which were made, some years ago, to impose compulsory rates for meeting the charges for works of irrigation, took a definite shape in certain Sections of the Punjab Canals Act, which were passed, after much discussion, in 1871, but were subsequently vetoed by the Duke of Argyll, who was then Secretary of State: I should be sorry to see those Sections re-enacted now: their only merit, in my estimation, was that they recognised a true and important principle; but they could not have been worked in practice, and I do not regret their loss.

PRINCIPLE OF LOCAL RESPONSIBILITY.

The principle for which I contend is simple: under our existing system, almost the only direct returns which we obtain from our canals are those derived from the voluntary payments of the cultivators who take water for irrigating their fields: I assert that this system is wrong and irrational. In a country like India, exposed not to the chance, but to the certainty, of periodical drought and famine, the construction of works of irrigation is often an absolute necessity: it is a necessity, whether the people in ordinary seasons take the water or not, and whether the canals pay or not.

ORISSA CANALS.

I take as an illustration the case of the Orissa Canals, to which I have just referred: there has been an immense expenditure of money; and the result is that an insurance has been provided against the recurrence of any such terrible calamity as the famine which happened some years ago: but, in ordinary years, when the rainfall is sufficient, the people will not pay for the canal water; they know that, in case of necessity, the water is there, and that they can get it; but, under ordinary circumstances, they think they can manage well enough without it: the result is that, although the Province of Orissa is secured against famine, the canal gives no direct return on the great sum of money borrowed for its construction, and does not pay even its working expenses; and the whole burden of the charge falls, not on the people really benefited, but on the Imperial Revenues, or, in other words, on the tax-payers of the Empire.

SONE CANALS.

I have just given similar figures for the Sône Canals in Behar; the Province is rich and prosperous, and well able to pay for the great local benefits conferred upon it; but, for some reasons which I, for my part, have never been able to understand, or in the least degree to appreciate, we choose to give these advantages to the people of Behar at the cost of the people of India: the people who are to get the benefit are to pay as little as they please; the people are to pay who get almost no benefit at all.

What I want to know is why irrigation works, which, in many parts of India, are, incomparably, the most beneficial works which it is possible to undertake, and the works which have the greatest possible local utility, are to be singled out as the only local works for which the people immediately benefited are to pay nothing: why are districts and towns to pay for their

Principle of local responsibility for interest on Extraordinary Expenditure.

own roads, and schools, and hospitals, for the paving and drainage of their streets, and their supply of drinking water; and why is it wrong that they should pay something for the irrigation works on which the actual existence of the people depends?

It is idle to say that, in the one case, the people are themselves consulted before the expenditure is incurred, whereas, in the other case, the works are undertaken without any reference to their wishes; every one knows perfectly well, that, whatever may be the theory, the fact is, putting aside some altogether exceptional cases, that the people at large have no more to do with the regulation of local and municipal expenditure than with the expenditure on canals and railways; and that, for many years to come, this must continue to be true.

As it cannot be denied that we cannot go on, for ever, constructing at the expense of the Imperial Revenues, works which will not pay, although those works may be absolutely necessary as a protection against famine, it comes virtually, under our present system, to this, that the question whether we are or are not to make canals, and whether we are or are not to save millions of people from misery and perhaps from actual starvation, is to depend on the views which certain ignorant peasants may hold in regard to their own personal interests.

Almost everything that I have been saying about canals is, in regard to some parts of India, just as applicable to railways: there are many districts in which irrigation works are not wanted or cannot be made, and where cheap local lines of railway are the proper and only effectual means for preventing or relieving famine.

GOVERNMENT OF INDIA WILL ENFORCE *provincial* RESPONSIBILITY ONLY.

I will not now discuss this subject further, because the Government of India has no propositions to bring forward in regard to it: all that we now desire is to enforce provincial responsibility for works of provincial utility; and it will be left to the Local Governments to take, if they should think fit to do so, the initiative in proposing the adoption of more complete measures under which a really local responsibility shall be enforced for meeting local wants: I do not disguise my own opinion; and it is my hope that the system which we now desire to introduce, will lead to results in the direction which I have indicated.

Our present plan is this: we desire to throw upon every Province, so far as this is now practicable, the responsibility for meeting the cost of its own local requirements.

It will be objected that to enforce strictly local responsibility in such a matter may be right; but that it is quite another thing to throw such a responsibility on a whole Province: this, it may be said, is, in principle, as bad as making the responsibility Imperial. Now, I fully admit that, in my own opinion, our proposed measures, if they be taken by themselves, are imperfect; and that they ought to be supplemented by others in the manner which I have suggested: but, under existing circumstances, it is not possible for the Government of India to do more than distribute between the various Provinces the burden which now improperly rests on the Imperial Revenues; and, in doing this, and obliging each Province to meet the charges for its own works of local utility, it will have taken a great step in the right direction. It is, for instance, at any rate, less unfair that the cost of the Ganges Canal should fall upon the people of the North-Western Provinces than upon the people of Madras and Bombay.

ADVANTAGES ANTICIPATED.

When Local Governments find that this responsibility has been imposed upon them, and that the only means of obtaining, without fresh taxation, the works of improvement which they require, is the wise and economical management of the works themselves, and the development of the income which they yield, they, and their officers, will take an altogether different interest in these matters from that which they feel now, when the only apparent practical result of careless financial administration is diminished profit to the distant treasury of the Empire. When new proposals to construct works of improvement with borrowed money are brought forward, the incentives to economy and care on the part of the Local Governments will be especially strong, and a powerful check will be placed on extravagant projects and enthusiastic estimates of profit. Under the present system, every Province desires to get for its own useful works as large a share as possible of borrowed money, knowing that, whether the anticipations of future income prove to be accurate or not, there will be certain gain to the Province, and loss to the Imperial treasury alone.

The principle on which we base our proposed measures is strictly just: we start with the fact that each of our great Indian Provinces has an individuality of its own; that it is something more than a mere geographical expression; and that its people have, in a great measure, common wants and common interests. I will take as an illustration of my meaning, and of the manner in which our plans will work, the North-Western Provinces and the Ganges Canal: the people who actually take the water to irrigate their fields are the first who profit; the people who, although they do not take the water, can do so whenever they choose, and for whom an insurance against drought has been provided, are those who profit next: but these are not the only people who derive a positive benefit from the canal; it not only gives protection against famine to a great agricultural and non-agricultural population in the tract through which its immediate influence is felt, but, now that the country is intersected with railways and roads, there is hardly any part of the North-Western Provinces which does not receive from it more or less advantage, or which may not fairly be expected to contribute something towards the cost of its construction and its maintenance: in times of drought, it provides food not only for the districts through which it passes, but for those which are less fortunately situated, and it prevents the price of grain from rising to a point which would cause privation and suffering to the poorer classes of the population.

Principle of local responsibility for interest on Extraordinary Expenditure.

So far, therefore, as the Government of India is now concerned, the unit with which we shall deal will be the Province which is benefited: it will be the duty of the Local Governments to endeavour, so far as may be practicable, to distribute the charges imposed upon them, so that the burden on any district, or any class of people, shall be proportionate to the benefits received.

These plans cannot be carried out without imposing fresh taxation in the Bengal Presidency: they will scarcely affect Madras and Bombay, except in regard to new works which it may be proposed to construct hereafter; and the application of these principles to those Presidencies must be reserved for future consideration: it may be added that the present time would obviously be inopportune for imposing fresh burdens in Provinces suffering from famine.

Fresh taxation in Bengal Presidency.

I do not assert that it will now be possible to apply these plans strictly to all cases in which canals and railways of local utility have, in past times, been constructed at the expense of the Imperial Revenues: all that we say is that they shall be applied, so far as this can now be done, without unwisely and unjustly throwing fresh burdens on provincial resources, and always bearing in mind that there is, as I have said before, no real distinction between imperial and provincial taxation.

Arrangements with Local Governments about Extraordinary Works.

I can do little more, now, than explain the general principles of the policy which the Government proposes to adopt; and I can only describe in detail the plans for carrying it out in the North-Western Provinces: they are the only measures which it has been possible to bring to completion in concert with the Local Government; and they alone will at present require legislation in this Council.

Arrangements with N. W. Provinces.

The capital expended on canals in the North-Western Provinces and classed as "Extraordinary," will amount, at the end of 1876-77, to £5,291,000, and, at the end of 1877-78, to £5,560,000: these figures do not include anything on account of the accumulated interest paid in past years in excess of the net income derived from the works: for our present purpose, there is no propriety in making such an addition to the capital, because the interest has in fact been discharged, from year to year, as it became due, and no longer constitutes any burden on the Revenues.

The revenue of these canals from water rates, navigation, and other direct returns, in 1877-78, is estimated at £310,100; and the indirect revenue, consisting of land revenue due to the works, at £92,300; so that the estimated gross revenue derived from the canals in 1877-78 is £402,400: the working expenses are estimated at £146,100: thus the Net Revenue will be £256,300 or £164,000, according as the indirect revenue is or is not taken into account. One year's simple interest at 4½ per cent. on the capital hitherto expended is estimated to be £244,000; according to these calculations, therefore, the works will, in 1877-78, after providing for interest on the capital, and taking credit for the indirect Revenue, yield a surplus profit of £12,300.

Arrangements with Local Governments about Extraordinary Works.

These figures do not really exhibit any close approximation to a real profit and loss account: on the one hand, the sum shown as Capital Expenditure includes no interest during construction, nor does it, or the sum shown as working expenses, include any provision for Absentee Allowances and Pensions, or for incidental charges, such as Stationery, Printing, Medical Stores, Imperial Supervising Offices, &c., which are not recorded in the Public Accounts as expenditure on Public Works, but under other heads. On the other hand, the amount shown as Capital Expenditure includes a large outlay on works not yet in operation, and therefore not yielding revenue.

The following statement shows the estimated Capital Expenditure on the works completed to the end of 1876-77, and the Net Revenue expected to be derived from those works in 1877-78:—

Canals.	Capital expended.	Gross estimated Earnings, 1877-78.	Working Expenses.	Net Revenue.
	Rs.	Rs.	Rs.	Rs.
Ganges	2,80,00,000	(a) 22,16,000	9,71,000	12,45,000
Eastern Jumna ...	24,24,000	6,34,000	2,17,000	4,17,000
Dhoon	6,14,000	51,000	32,000	19,000
Rohilkhand and others	14,62,000	83,000	68,000	15,000
TOTAL ..	3,25,00,000	29,84,000	12,88,000	16,96,000

(a) Including Rs. 43,000 from Owners' Rate.

It appears from this Statement that out of the total capital expended to the end of 1876-77, no less than £2,040,700 has been spent on works still in course of construction, or which are not yet producing Net Revenue, and that the interest on the capital yielding revenue, *viz.*, £3,250,000, is, at 4½ per cent., £146,250. These completed works are thus estimated to yield, in 1877-78, a net profit, over and above the interest on their capital cost, of £115,650, including the indirect revenue, or £23,350 if we exclude it: making all allowances for the omissions from the Capital Expenditure and Working Expenses above noticed, there can be no doubt that these results are very satisfactory: it must, however, be remembered that they were only arrived at after the canals had been in operation for a long period of years.

RESERVATION OF EXISTING NET REVENUE.

The exigencies of the Supreme Government will not admit of the surrender of any part of the Net Revenue which it now receives from these works: it has been decided that the most convenient way of adjusting this claim of the Government of India will be, in the first instance, to reserve to the Imperial Treasury the indirect returns from the canals, which are now credited as Land Revenue: they amounted last year to £92,300: this leaves a further sum of £23,350 to be made good; but, as some of the items of the calculation are uncertain, the Government of India will be satisfied with a fixed contribution of £20,000 in addition to the indirect revenue. It must be remembered that the Imperial treasury, in thus claiming the entire profits on capital hitherto expended, only claims what it receives already; and that it foregoes, at the same time, all claims for returns on the large indirect expenditure before referred to. The Local Government will thus be responsible for making good to the Imperial treasury every year the interest on the whole capital expended, plus the sum of £20,000; and to meet these charges the Local Government will receive the whole of the Net Revenue from the works, excepting that portion of it which is credited as Land Revenue: some special arrangements, with which I need not trouble the Council, have been made regarding that portion of the Canal receipts known technically as *Owners' Rate.*

The amount which will thus be due from the Local to the Imperial Government in 1877-78 may be estimated at £100,000: subject to this payment, and to certain further conditions which I shall notice presently, the Government of India will make over the whole of these works to provincial management, and the whole of the revenue derived from them to provincial uses. The Government of India will advance from the Public Treasury the funds required for completing the irrigation works now in progress or proposed, and for the construction of Railways for local purposes. During the next three years, the account between the two Governments will, it is proposed, be settled in the manner that has been described: the arrangements will then be open to revision.

It must rest with the Supreme Government to determine how much money it can place at the disposal of the Government of the North-Western Provinces, each year, for the construction of these works. The Governor General in Council will endeavour in this matter, as far as possible, to meet the wishes of the Local Government, and to supply the necessary funds at such a rate that the works shall go on regularly to completion with no avoidable delay: the amount, however, that it is expedient to borrow for the whole of India, in each year, must be determined upon general considerations; and the Government of India alone must decide how the available funds can be most profitably distributed among the several Local Governments: the demands upon the Public Treasury, ordinary and extraordinary, are too uncertain for it to be possible for the Imperial Government to promise, absolutely, to supply a fixed sum to any Local Government for a succession of years.

Arrangements with Local Governments about Extraordinary Works.

Government of India must determine rate of future expenditure.

It is understood that the capital cost of the canals and local railways now in existence, under construction, or contemplated in the North-Western Provinces, is estimated at about £8,500,000; so that, to complete the whole, there will still be £3,000,000 to spend after the year 1877-78. Assuming it to be possible to provide £400,000 annually for this expenditure during the next five years, the liabilities of the Local Government for interest and Imperial profits would increase from their present amount of £264,000 to £345,000 at the end of the fifth year; on the other hand, it is anticipated that the receipts will increase, during the same period, at an average rate of £20,000 a year, or from the present amount of £164,000 to about £264,000. On this assumption the amount to be contributed from other sources, which is now £100,000, would have fallen to a little over £80,000 at the close of the five years: the prospective burden undertaken by the Local Government is, therefore, never likely to become formidable. It is no doubt possible that the estimate of £3,000,000 for future expenditure may be increased; but this will not materially affect the calculation, since, in that case, the term for spending the money would no doubt be extended also.

Forecast of results in N. W. Provinces.

As the burden imposed upon the Local Government becomes reduced by the growth of the net direct revenue, it is necessary that the Local Government should contribute to the Imperial Treasury a share of the advantage: it would be premature now to define what may ultimately be an equitable settlement between the Imperial and Local Government; but, as a temporary arrangement, open to revision at the end of three years, the Local Government will surrender to the Imperial Treasury one-half of any reduction that it may be able to effect in the charge of £100,000 which it now undertakes. For instance, supposing that the interest plus the profits of the Imperial Treasury payable by the Local Government should increase to £300,000, and the net revenue received by the Local Government should increase to £240,000, the sum to be provided from other sources would fall from £100,000 to £60,000, and, if no further condition were imposed, the Local Government would be in a better position by the difference, *viz.*, £40,000. The Government of India will concede to the Local Government one-half of this future advantage, reserving to itself the other half only, instead of the entire profits which it would keep for the Imperial Treasury if it were to apply to the profits of the future the same rule which has been applied to past profits accruing prior to the transfer now proposed: it is the expectation of the Governor General in Council that this arrangement will be profitable to both Governments; because it is hoped that the change of system will lead to better administration and to increased advantage from the works.

Imperial Treasury to share further profits.

I must add that some of the figures which I have now given may be somewhat modified before final arrangements are made; but in this case the changes will tend to diminish, and not to increase, the burden placed on the Local Governments.

Although I hope that the Local Government will endeavour to secure from the land more or less directly benefited by the canals, larger returns than those which are obtained under the existing system, several years must elapse before the completion of the great irrigation works now in progress; and, until they begin to yield income, some general contribution from the Province will be unavoidable.

Arrangements with Local Governments about Extraordinary Works

As a matter of principle, I think that the larger portion of charges such as those of which I am speaking, ought to fall on the owners of land, rather than on other classes, because the benefit conferred by these works will be permanent: the whole community, however, derives great advantage from them, and it is equitable that the non-agricultural class should contribute also: it is not thought desirable, at present, to impose fresh burdens on the land in the North-Western Provinces; and, without doing this, we can obtain what we want.

Proposed Legislation.

I will now give a sketch of the plans which are proposed, leaving it to my Honorable friend, Mr. Bazett Colvin, who may now be held to represent the North-Western Provinces in this Council, to describe, hereafter, the details of the measures which will require legislative sanction.

Modification of Local Rates Act, 1871

The first of the proposed measures will be a not very extensive amendment of Act XVIII of 1871, which provides for the levy of rates on land for local purposes. Although these rates were only placed on a strictly definite and legal basis in 1871, they have been levied, for many years past, in the greater part of the North-Western Provinces: every estate in which the settlement of the Land Revenue is subject to revision, is liable to the payment of a local rate, not exceeding five per cent., on the annual value of the land: in permanently settled estates, rates are levied for the same purposes at an amount not exceeding annually two annas for each acre under cultivation. All these rates are, in the first instance, credited to a General Provincial Fund, from which the Lieutenant-Governor is bound to assign amounts to be applied in each district for certain specified purposes: these are the construction and maintenance of Roads and Communications; Rural Police; District Post; Education; Hospitals; Lunatic Asylums; Markets; Wells and Tanks; and other local works likely to promote the public health, comfort, or convenience: the annual assignment made to each district must not be less than the total amount of local rates levied in it; but any portion of such assignment which remains unexpended at the end of the year may be spent in any way which the Lieutenant-Governor thinks beneficial to the North-Western Provinces generally.

The principle is thus recognized, that these rates may, in part at least, be expended on objects of provincial utility; and, as a matter of fact, a large portion of them has been so expended. As it is not now wished to increase the burdens on the land, all that is proposed is to authorise the Local Government to make assignments from the local rates for the purpose of meeting charges on account of Irrigation works and Railways of provincial utility: it is proposed to fix the maximum amount of such assignments at 10 per cent. of the total sum levied under the Act, leaving 90 per cent. to be spent as at present; but I see no reason for anticipating that the actual proportion of the rates so assigned will amount to this maximum. The total amount of the local rates levied annually in the North-Western Provinces is about £430,000, and the proposed amendment of the law will not seriously diminish the existing grants for local purposes.

License Tax on Trades and Dealings.

The second measure now proposed is the imposition of a light License Tax on trades and dealings in the North-Western Provinces. The Bill that will be laid before the Council is taken, in great measure, from a Bill proposed by Sir William Muir when he was Lieutenant-Governor in 1871, under the belief that it would be necessary to impose fresh taxation for provincial purposes: that Bill was introduced into this Council by Mr. Inglis, and passed through Committee; but the Lieutenant-Governor came to the conclusion that additional taxation was after all not necessary, and the Bill was dropped. The original Bill imposed small duties on certain specified trades, and the amount of the duties in no way depended on any trader's means: although, in this respect, the new Bill will not be so satisfactory as the old one, which would not yield as much money as we require, and the estimated receipts from which are admitted to have been greatly over-rated, no inquisition will be made into any man's actual profits, and the measure will not be an income tax in disguise: it will be similar to the License Taxes actually imposed for local purposes in many large Indian towns, and to the Pándhri tax, which has long been levied in the Central Provinces. The principal trades, as the Council will see from the Bill

which I hope to be allowed to introduce to-day, have been classified and graded, and a specific sum is put down against each class and grade: the highest license fees proposed are those on Bankers and Wholesale dealers in country-produce, and they vary from Rs. 16 to Rs. 64 a year: other traders will have to pay smaller sums, which are in some cases as low as Rs. 2, and in no case exceed Rs. 32. It is extremely difficult to say what this measure will probably yield, but, for my present purpose, I will assume it to be £50,000 a year.

Arrangements with Local Governments about Extraordinary Works.

If the plans which I have described are carried into effect, the first step for the Local Government to take will be to look thoroughly into its Public Works Establishments, and to consider whether the existing system under which the canals are managed, and under which the canal revenue is collected, cannot be improved and made less costly: it will then have to consider what means can be taken for increasing the income yielded by the existing canals: there will, therefore, I hope, be no necessity for depending only upon new taxation and on the assignments from local rates, for the means of meeting the new charges.

Other Measures.

The measures which I have thus described will, it is believed, enable the Government of the North-Western Provinces to satisfy, without difficulty, the obligations imposed upon it.

The whole of these arrangements have been settled in communication with Sir George Couper, the Lieutenant-Governor, and have received in all respects his cordial approval.

In the imposition upon Bengal of similar responsibilities for meeting the charges for extraordinary public works, similar principles will be applied; but, as the existing works are at present unprofitable, the sum to be made good annually by the province will be larger than in the North-Western Provinces: it will amount at present to about £275,000.

Arrangements with Bengal.

The Government of India is in communication with the Local Government on this subject: the Lieutenant-Governor will consider what portion of the whole burden can be recovered from the people who are primarily benefited by the works which have been constructed, and what portion must be raised by fresh taxation upon the province at large: I hope that, so far as the immediate demands of the Supreme Government are concerned, there may be no necessity for throwing on the Province generally the whole of this new demand; but, on the other hand, it must be remembered that the obligations which have been placed on the Local Government will, unless the income from the works be rapidly developed, have an undoubted tendency to increase. It must also be remembered that there are new works of extreme importance urgently required in the interests of the people of Bengal for which, under the system we are now inaugurating, the Government of India will not make itself responsible. Whatever legislation may be necessary will take place, not in this Council, but in that of the Lieutenant-Governor, and it would be improper in me to refer in detail to the measures which His Honor may think fit to initiate: any schemes for new taxation must of course first receive the sanction of the Supreme Government. It is hoped that the Government of Bengal will avail itself, as far as possible, of existing modes of raising revenue, and endeavour to extend and expand them, rather than have recourse to new and unfamiliar systems of taxation, and that it will be able to carry out all necessary measures through its present establishments: even if it were possible to devise new forms of taxation theoretically better than the forms which already exist, it would still be wiser to adhere to systems understood by the people, rather than adopt innovations which might cause dissatisfaction and apprehension, and which might lead to oppression through the creation of new collecting and assessing machinery. Although the amount to be raised is in itself considerable, the increase of taxation which it involves will really be very small, when distributed over an enormous population: I have no doubt that the Local Government will be able to adapt successfully its present system to meeting this increased demand: I am sure that it will be the universal feeling, not only of this Council, but of the public, that the initiation of the necessary measures could not be in better hands than in those of my honorable friend Mr. Eden; and in regard to this matter the views of the two Governments are completely in accord.

Arrangements with Local Governments about Extraordinary Works.

THE PUNJAB.

In regard to the Punjab, I can say nothing definite at present: it is thought desirable to wait until the Government arrives at Simla, when it will have the advantage of the presence and co-operation on the spot of the Lieutenant-Governor and some of his most experienced officers: meanwhile, I have the satisfaction of knowing that my honorable friend and present colleague, Mr. Egerton, who will, before long, assume charge of the office of Lieutenant-Governor, will give his cordial support to the principles which have been laid down, and that he anticipates no serious difficulty in their application to the Punjab.

The total amount of the contributions thus made to the Imperial Treasury for Bengal and the North-Western Provinces is estimated to be, in 1877-78, £375,000.

The combined result of the arrangements made with the Local Governments in regard to both Ordinary and Extraordinary income and expenditure is that the estimates of the coming year have been improved to the extent of £520,000: it will be understood, from what I have already said, that it is not now possible to state exactly what portion of this amount will be provided by new taxation; but it will not exceed £325,000, and will probably be less.

Famine Finance.

FINANCE OF FAMINE RELIEF

The questions of which I have been speaking are closely connected with another subject of great importance. In a despatch to the Government of India, dated the 25th November 1875, the Secretary of State called attention to the question of the proper incidence of the charges which have to be incurred for the relief of famine: he said that, however plain may be the primary obligation of the State to do all that is possible towards preserving the lives of the people, it would be most unwise to overlook the great danger of tacitly accepting, if not the doctrine, at least the practice, of making the General Revenues bear the whole burden of meeting all local difficulties or of relieving all local distress, and of supplying the needful funds by borrowing in a shape that establishes a permanent charge for all future time.

LOCAL RESPONSIBILITY.

The Secretary of State fully admitted the difficulty of a satisfactory solution of the question of how local resources can be applied to aid in meeting local wants; but he said that this difficulty ought not to be allowed to obscure the perception of the vital importance of such a solution to the future well-being of the country, and the necessity for establishing some system under which shall be suitably recognized the undoubted responsibility which rests on the people themselves to provide for their own support.

In the instructions lately issued by the Government of India to Sir Richard Temple, in respect of the inquiries which he is now conducting with signal ability and success in the famine-stricken districts of Madras and Bombay, the same doctrine of the necessity for enforcing some system of local responsibility for providing local relief was recognized by the Government of India;

NO PRACTICAL CONCLUSION YET FORMED.

and I wish that it were now in my power to inform the Council that some practical conclusions had been arrived at. This I cannot do; but the question will receive the careful consideration of the Government, and I hope that a useful solution of it may be found, by which, while the Imperial revenues are duly protected, no unjust or excessive burdens shall be imposed upon local or provincial interests: this last condition is obviously essential. Meanwhile, the measures which I have been explaining are a step in the direction which I have mentioned; by throwing upon each province the responsibility for meeting the charges necessary for providing the canals and railways required to protect its own people against famine, we give practical recognition to the principle on which the Secretary of State has insisted, and we obtain, to a certain extent, though far from completely, that safeguard for the Imperial Revenues which he thought so necessary. This at least is certain, that the relief of famine must be looked on as an ordinary charge to be met from revenue, and not from borrowed money.

DUTY OF STATE TO PRESERVE LIFE CLEAR.

The question has often been raised of late, whether it is really possible for the State to undertake the responsibility of preserving the lives of the people during famines, the periodical recurrence of which in India must unhappily be looked upon as certain: for my own part I do not think the answer difficult: it seems to me idle to discuss whether the Government of India, on account of

financial considerations, can deliberately allow people to die of starvation: it is quite clear that it can do nothing of the kind: it is a fact which has to be accepted that life must be saved, whatever be the cost. It is conceivable that the performance of such a task might become impossible; but I can conceive many other causes which would make the Government of India by the English impossible; and I see no use in speculating on what may happen, in consequence of financial or other ruin, in some distant future, under circumstances which cannot now be foreseen. Famine Finance.

I have tried to read for myself the lessons of the past, and they appear to me to show that if we treat this great famine question in a rational way, and base our measures on true principles, we shall find no insuperable difficulty in dealing with it. The first thing to be distinctly declared is that, while the State fully accepts the necessity of saving life, and of preventing extreme distress, it refuses to attempt to take upon itself, in time of famine, more than in any other time, the impossible task of preventing and relieving all human suffering; and that we will not allow the strong and natural desire to provide immediate remedies against present misery, to blind us to the duties which we owe to the people of the Empire at large, and to future generations. The task of giving relief to all those who suffer, offers the noblest opportunities of doing good to well-applied private charity and intelligence and zeal; but it cannot be undertaken by the State. CAN BE DISCHARGED WITHOUT RISK OF INSOLVENCY.

So far from the experience of past and present famines showing that the performance by the Government of its proper duties in regard to the relief of famine is, on financial grounds, impossible, all the facts seem to me to point to an opposite conclusion: it is not only in the relief of famine that it is easy to throw away millions; and, whenever there has been a very heavy expenditure on famine relief, it has (such at least is my belief) resulted from causes which, we can now see, might have been avoided, and which we ought to be able to avoid in future.

I earnestly hope that we shall not allow the present famine to pass away, without learning from it the necessity of adopting a clear and definite policy for dealing with such calamities in future: I believe that we can undertake to do everything that a Government ought to do, without any of the ruinous consequences which are sometimes predicted. Very serious obligations are undoubtedly imposed upon us: we must, and will, take measures for guarding against the dangers with which these periodical famines threaten our finances; and, although I cannot now say what those measures will be, the Government of India will not shrink from the duty which rests upon it.

When, my Lord, only a few months ago, I accepted my present office, I looked forward confidently to proposing, in my first Financial Statement, several fiscal reforms of extreme importance: I hoped, among other things, that we should have been able to undertake measures which it has long seemed to me are more urgently required than almost any that can be named; measures for the reform of the system under which the salt duties are levied throughout India; for enabling the people, through vast tracts of country, to obtain what they cannot obtain now—plentiful supplies of cheap salt; for abolishing that opprobrium of our Government, the Inland Customs Line; and for getting rid, at the same time, of one of the very worst taxes ever levied by a civilised Government, the transit duty on sugar the produce of our own territories. I hoped, at the same time, that it would have been possible to take a really practical and decisive step towards redeeming the pledges given by the Secretary of State for the removal of the Customs duties on cotton goods: those pledges were, in my opinion, wisely given; and I looked forward with the greatest satisfaction to being able to take an active part in carrying out the policy which Her Majesty's Government has approved. Unfortunately these hopes have been disappointed: the terrible famine, from which so large a portion of India is now suffering, and which causes such unceasing anxiety to the Government and imposes such serious burdens upon the finances, has rendered it impossible to deal with these questions. The next best thing, however, to bringing great measures into effect, is to prepare the way for their execution hereafter; and I desire to tell the Council and the public what the policy is which Other fiscal reforms.

the Government is firmly resolved to carry out: the Government has a distinct programme which it intends to keep constantly in view.

The Salt Duties

There is, perhaps, no great Indian question which has provoked so much discussion as that of salt, and no question on which high authorities have come to more opposite conclusions: it has been declared, on the one hand, that among all the main sources of the existing income of the State, the tax upon salt is one of the best, and one of those least felt by the people, and that by means of it, we raise a great revenue with the least possible objection: it has been frequently declared, on the other hand, that of all taxes this is the worst and wickedest.

If I were to attempt to repeat to the Council all that has been said in support of these contending views, I should not get through my Financial Statement to-day: all that I can do is to state the conclusions of the Government, and the reasons for them: having, for many years past, given to this subject a large share of my attention, I feel great confidence that the policy is right which the Government, with the approval of the Secretary of State, intends to pursue.

ARE NOT OBJECTIONABLE IN PRINCIPLE.

It is unnecessary now to discuss the question whether salt is or is not a proper subject for taxation in India; we, obviously, cannot do without the revenue which it gives us: for my own part, however, I believe the tax to be, on principle, open to no objection; and this is the view which was laid down by the Secretary of State when the question was before him some years ago. I will read to the Council an extract from a despatch from the Duke of Argyll on this subject, dated the 21st January 1869, not only because it appears to me to express, with great clearness, views which are statesmanlike and true; but because it contains, I believe, the last authoritative statement of opinion on this subject given by Her Majesty's Government to the Government of India:—

"On all grounds of general principles, salt is a perfectly legitimate subject of taxation: it is impossible, in any country, to reach the masses of the population by direct taxes: if they are to contribute at all to the expenditure of the State, it must be through taxes levied upon some articles of universal consumption. If such taxes are fairly adjusted, a large revenue can be thus raised, not only with less consciousness on the part of the people, but with less real hardship upon them than in any other way whatever: there is no other article in India answering this description upon which any tax is levied: it appears to be the only one which at present, in that country, can occupy the place which is held in our own financial system by the great articles of consumption from which a large part of the imperial revenue is derived. I am of opinion, therefore, that the Salt tax in India must continue to be regarded as a legitimate and important branch of the public revenue.

"It is the duty, however, of the Government to see that such taxes are not so heavy as to bear unjustly upon the poor, by amounting to a very large percentage upon their necessary expenditure.

"The best test whether an indirect tax is open to this objection is to be found in its effect upon consumption.

"I observe that several of those officers whose opinions upon this question have been given in the papers before me, found that opinion upon what they have heard, or what they have not heard, in the way of complaint among the native population: but this is a very unsafe ground of judgment: it is one of the great advantages of indirect taxation, that it is so mixed up with the other elements of price, that it is paid without observation by the consumers: even at home, where the people are so much more generally educated, and more accustomed to political reasoning, the heavy indirect taxes formerly levied upon the great articles of consumption were seldom complained of by the poor: they were not themselves conscious how severely they were affected by those taxes, and how much more of the articles they would consume if the duties were lower. But whilst this peculiarity of indirect taxation makes it a most convenient instrument of finance, it throws additional responsibility upon all Governments which resort to it, to bring the most enlightened consideration to bear upon the adjustment of taxes which may really be very heavy and very unjust, without the fact being perceived or understood by those on whom they fall."

The Government has endeavoured to give to this great question the consideration which the Secretary of State thus referred to: Does the Salt tax press heavily and unjustly on the people?

I must state, in the first place, that, although the Government of India has adopted the conclusions which I shall presently describe, it must not be supposed that the Government is committed to every opinion which I am about to express: I do not know that, in fact, any difference of opinion exists among the members of the Government; but, on a question of so much difficulty, there may be many matters of detail in which unanimity can hardly be expected.

The Salt Duties.

Sources of Salt supply.

Bengal.

The circumstances under which the Salt duties are levied vary greatly in different parts of India. Bengal and Assam, with sixty-seven millions of people, get nearly the whole of their salt supply from Cheshire, a result mainly of the fact that the exports which India sends to Europe greatly exceed the imports which she receives: salt comes virtually as ballast. Almost the only local source within easy reach, from which Bengal can obtain salt, is the sea, and the natural facilities for making salt on the Northern coasts of the Bay of Bengal are not great: the climate is so damp that salt cannot easily be obtained by the cheap process of solar evaporation; and owing to the vast quantities of fresh water poured in by the Ganges and Brahmaputra, the sea is less salt than on the other shores of India.

Madras and Bombay.

In Madras and Bombay, on the other hand, containing together about forty-seven millions of people, the manufacture of salt from the sea is cheap and easy; and, for these Presidencies, as well as for the greater part of the Central Provinces and the Native States of Southern India, the sea is the great source of supply.

Northern India.

Coming to Northern India we find that the Punjab possesses inexhaustible supplies of rock salt, which is consumed by about fourteen millions of people. Throughout the North-Western Provinces and Oudh, and a portion of the Central Provinces and of the Punjab, on the other hand, although there are many places where more or less impure salts can be produced, the home sources for the supply of good salt could never be sufficient: forty-seven millions of our own subjects depend almost entirely for their salt on the Native States of Rajputana or on places on the confines of those States.

Varying rates of duty.

The system under which the duty is levied, and the rate of duty, vary in the different provinces. In Madras and Bombay the rate of duty is Re. 1-13 per maund (82 lbs): in Madras, this is collected under a monopoly by which all salt is manufactured on behalf of the Government, and sold to the people at a price which gives a profit equivalent to the duty: in Bombay the duty is levied as an excise. In Lower Bengal the tax is Rs. 3-4 per maund, and is levied chiefly in the form of a Sea Customs Import duty. In the Upper Provinces of this Presidency the rate is Rs. 3 per maund: in the Punjab, this is included in the selling price of the rock-salt, which is the property of the Government; in the rest of the Upper Provinces, the duty is levied when the salt is imported from Rajputana.

The Inland Customs Line.

For this purpose, and to prevent the ingress of salt taxed at lower rates, a Customs Line is maintained, extending from a point north of Attock to near the Berar Frontier, a distance of more than fifteen hundred miles: similar lines, some hundreds of miles in length, are established in the Bombay Presidency, to prevent untaxed salt from Native States entering British territory. Along the greater part of this enormous system of Inland Customs Lines, which, if they were put down in Europe, would stretch from London to Constantinople, a physical barrier has been created, comparable to nothing that I can think of except the great wall of China: it consists principally of an impenetrable hedge of thorny trees and bushes, supplemented by stone walls and ditches, across which no human being, or beast of burden, or vehicle, can pass without being subjected to detention and search: it is guarded by an army of some eight thousand men, the mass of whom receive as wages six or seven rupees a month. The bare statement of these facts is sufficient to show the magnitude of the evil.

Although I believe that every thing is done, which can be done under such circumstances, to prevent abuses, it may be easily imagined what inevitable and serious obstruction to trade, and annoyance and harassment to individuals, must take place: I remember a graphic account by Sir George Campbell, in which he described the evils of the system, and the instruments of the nature of cheese-tasters which are thrust into the goods of every one whose business takes him across the line. The interference is not confined to the traffic passing into British territory; for, owing to the levy of the export duty on sugar, to which I have still to refer, the same obstructions are offered to the traffic passing in the other direction. In spite, however, of the evils inseparable from the existence of an Inland Customs Line, it is practically impossible to dispense with it so long as we levy our Salt tax at different rates in different Provinces, and have no means of controlling the manufacture and

The Salt Duties. taxation of salt produced in Native States until the salt reaches the British Frontier.

DESIDERATUM A CHEAP AND AMPLE SUPPLY

The great object at which the Government ought to aim is to give to the people, throughout India, the means of obtaining, with the least possible inconvenience, and at the cheapest rate consistent with financial necessities, a supply of salt, the quantity of which shall be limited only by the capacity of the people for consumption.

INADEQUACY OF EXISTING SUPPLY IN NORTH-WESTERN PROVINCES.

Although much has been done, during the last six or seven years, towards this object, we are still far from its attainment: a comparison between the average consumption of salt per head in different parts of India proves, incontestibly, that, where salt is cheap and abundant, the consumption is much larger than where it is dear, and where the supply is restricted. In Madras, for instance, the recent inquiries of the Salt Commission show an average annual consumption of more than 12 lbs. per head; and, in the greater part of the Bombay Presidency, the rate does not fall much short of this: in Bengal the consumption is about 9½ lbs. per head; while in the North-Western Provinces and Oudh, although it is very difficult to speak positively on the subject, the rate can hardly exceed, if indeed it amounts to, 6 lbs. per head.

PRESENT SYSTEM UNPROFITABLE

The existing system in Northern India has not even the merit of being financially profitable: for instance, the Madras Salt Commission show that thirty-four millions of people in that Presidency pay Salt duty at Re. 1-13 per maund, amounting to £927,000: if these people, instead of consuming more than 12 lbs. a head, consumed, like the people of Northern India, less than half that amount, and paid a duty of Rs 3 per maund, the revenue would be only £750,000. There can be no doubt that, in the interests of the revenue, the best system would be that under which we should levy throughout India a low rate of duty on unrestricted consumption.

I have a strong belief that more than a hundred millions of people fail now to obtain a full supply of salt: I do not for a moment assert, nor do I believe, that the actual supply is insufficient for the preservation of health; nor do I at all agree with those who maintain that the salt tax presses with extreme severity on the poorer classes: but, however this may be, it is a great evil that the supply of this necessary of life should be restricted; and the restriction is not only mischievous in respect of human consumption, but in this way also, that there is little salt for the cattle, and little for any of the manufacturing processes in which it would be useful.

PRICE DEPENDS ON COST OF TRANSPORT AS WELL AS DUTY.

It must not be forgotten, however, that the price of salt depends not only on the amount of the duty imposed, but on other charges: for example, as I have said elsewhere, the North-Western Provinces depend practically for their salt on the inexhaustible supplies which exist in the Native States of Rajputana: for a long time, the British Government acted as if it were its object to aggravate by artificial obstructions, the natural difficulties in bringing the salt into its own territories; we placed between our markets and the salt sources a great Customs Line; imposed on all salt crossing it a heavy duty; and ignored everything on the other side of that line: thus, for example, salt from Sámbhar had to find its way two hundred miles through Native States, with no roads or bridges, and subjected to imposts, and exactions, and hindrances of every kind, until, at last, it came to the greatest hindrance of all, our own preventive line.

For such a state of things it was obvious that the mere reduction of the duty would do little or no good: the salt dealers, and not the consumers, would have been the chief gainers: with the existing means of communication, it was a physical impossibility to bring from Rajputana the salt required for some fifty millions of people: that task was one that could not be performed by any number of carts, and camels, and ponies which it was possible for the country to furnish; and these were the only means of transport: therefore it was that I have sometimes asserted that there was a salt famine in Northern India, meaning thereby, not only that salt was dear, but that sufficient salt could not be provided. For such a condition of things reduction of duty would no more afford a remedy than it would be a remedy in a food famine to give money to the people when no food existed in the markets: Lord Mayo saw

that there were two essential conditions to be fulfilled before relief could be found: it was necessary to provide cheap means of transport, to a practically unlimited extent, between the salt of Rajputana and our own markets; and also to make arrangements by which the price of salt to our people should be freed from influences outside our territory. The Salt Duties.

The first condition could only be provided by making railways into Rajputana; the second condition rendered it necessary that our Government should obtain complete control over the manufacture and supply of salt at the chief places of production. The first of these two conditions has recently been fulfilled by the extension of Railway communication from Agra and Delhi to the Sámbhar salt lake: towards the second a great step was made when we obtained, under Lord Mayo's Administration, from the States of Jaipur and Jodhpur, the lease of this lake, the most important of the salt sources of Rajputana, and acquired, by an amicable arrangement, which was as profitable to the Native Chiefs as to the British Government, the complete control over the local manufacture of salt. RAJPUTANA RAILWAYS. LEASE OF SAMBHAR LAKE.

The practical result of these measures has already been, not only to facilitate the supply of salt to the Upper Provinces, but greatly to reduce its price: salt which, before 1869, was sold at Agra for Rs. 5-12 per maund, is now procurable for Rs. 4, and the price is still diminishing. REDUCTION EFFECTED IN PRICE.

During the Administration of Lord Northbrook, another important step in advance was taken: in 1874 about 800 miles of the Customs Line in the Central Provinces, maintained for the purpose of levying the difference between the duty on salt levied in the Central Provinces and that levied in the Bombay and Madras Presidencies, was abolished: at the same time, the difference between the rates of duty levied in the Bengal and Madras Presidencies was shaded off by a sliding scale down the Orissa and Ganjam Coast: the result of these measures has been greatly to reduce the price of salt in the Central Provinces and in Orissa, with practically no financial loss to the Government. ABOLITION OF SOUTHERN LINE.

Recently the extension of the Northern State Railway to Jhelum has stimulated the sale of rock-salt at the Government mines in the neighbourhood, and decreased its price to the people. PUNJAB NORTHERN RAILWAY.

We are, at present, engaged in further negotiations with the Native States of Rajputana, which, when completed, will enable us to abolish the greater part of the Inland Customs Line, and to establish, instead of it, a system of local management at the places of production: the measures now in progress will benefit not only the British Government, but the Native Chiefs also: there is no antagonism between our interests; and I confidently anticipate a successful issue. It will not, however, be possible to abolish the Inland Customs Line simultaneously with our obtaining the control over the manufacture of salt at the places of production: there will be, for some time, in Rajputana and Central India, large quantities of salt which have left the places of production and are scattered about in the hands of traders: if the Customs Line were removed, this salt might be brought into British Territory; and, if it could not be taxed, a corresponding loss would be occasioned to our Salt Revenue. Although, therefore, establishments on the Line may be, to some extent, reduced, the line will not be removed, or the pass system abolished, until the Government is satisfied that there do not exist outside the Line large stocks of salt which has not been taxed, and which cannot be otherwise prevented from entering British Territory until it is taxed. Nor would it be safe to abolish the Customs Line until we learn by experience whether our arrangements for controlling the salt manufacture are efficient or not. NEGOTIATIONS WITH RAJPUTANA CHIEFS.

Morever, before these objects can be accomplished, it will be necessary to take steps towards the equalization of the duties on salt; and this is also an indispensable preliminary to their general reduction: I had hoped on this occasion to have been able to announce some immediate measures in this direction; but, as I have already stated, this is rendered impossible by the famine. I should have been glad, had it been possible, to have seen an immediate reduction in the rate of duties in the Bengal Presidency to that in force in Madras and Bombay: but there is reason to fear that, before this point can be reached, it will be necessary that some temporary mea- EQUALIZATION AND REDUCTION OF DUTIES ON SALT.

Sugar Duties.

sures should be taken for raising the lower rates of duties while lowering the higher.

SUGAR DUTIES.

I have alluded to the duties levied on sugar exported across the Inland Customs Line: these are one rupee per maund on refined sugar, and six annas per maund on unrefined sugar, or saccharine produce. Except where the line runs along the left bank of the Indus, exports across it are taken to Native States; but, when it passes the Indus, the sugar is merely taken from one part of British territory to another. This sugar is all the produce of our own people in the North-Western Provinces, Oudh, and the Punjab: it is one of the most important agricultural staples of those provinces; and it is important not only to the agriculturists and manufacturers and consumers, but directly to the Government, which looks greatly to sugar cultivation for its irrigation revenue.

PROTECTION OF MAURITIUS SUGAR.

While we are taxing heavily our own sugar grown on the east of the Customs Line, for the supply of the country beyond it, we admit into the same country the Mauritius sugar, which is imported largely to Bombay, taxed at a much lower rate. It is calculated that the Inland Customs duty is equivalent to 10 per cent. on the value; but the incidence of the duty varies considerably, particularly on refined sugar: on the cheaper kinds the duty is equivalent to more than 20 per cent. on its value: the sea import duty on Mauritius sugar is 5 per cent. *ad valorem*. I do not assert that there is, at present, any great competition between the sugar of the Upper Provinces of this Presidency and foreign sugar; but, so far as competition exists, the Inland Customs duty acts as a protective duty in favour of foreign and against our own sugar: to this extent, the duty must fall on the producer within the Customs Line. The competition will be more apparent and severe when the connection of the Rajputana State Railway with the Bombay and Baroda Line is completed.

Little or no sugar is grown in Rajputana or Central India; and the increase of price caused by the Inland Customs Line must tend to diminish consumption, and so, still further, to injure the producer: it is impossible to estimate the injury to the people and the Government caused by placing artificial obstructions on the export of one of the great agricultural staples of the country; and such obstructions obviously affect not only the export but the import trade as well: the Government of India has repeatedly urged upon Native States the policy of abolishing their transit duties; but it is difficult to see with what consistency we can do this, so long as we retain our Sugar duties. They yield about £165,000 a year: this is my only excuse for not proposing their instant abolition: they will, at any rate, disappear with the abolition of the Inland Customs Line.

Cotton Duties.

My Lord, I have reserved to the end of my Statement the remarks which I wish to make regarding the Customs duties on cotton goods. I do not now wish to re-open the discussion which was finally closed last year by the Secretary of State: it was then decided by Her Majesty's Government that "the interests of India imperatively require the timely removal of a tax which is at once wrong in principle, injurious in its practical effect, and self-destructive in its operation." The Secretary of State, while leaving to the judgment of the Government of India the mode in which the policy thus laid down should be carried out, declared his opinion that measures for the abolition of these duties should have priority over every other form of fiscal relief to the Indian taxpayers. Financial embarrassments arising from the depreciation of silver prevented any practical steps being taken, last year, in this direction: it was thought unwise to give up any revenue at such a time; and the Secretary of State concurred in this decision. It is with great regret that I have to announce that, for reasons similar to those which prevailed a year ago, it has been decided that nothing can be done, at the present moment, towards the abolition of these duties: the financial difficulties caused by the famine are so serious that we cannot sacrifice any source of income.

CANNOT BE REDUCED THIS YEAR.

I regret this, not only because we are thus unable to carry out the orders of Her Majesty's Government, to which this Government owes a loyal and unhesitating obedience, but I regret it, personally, because, as the Council are aware, I am no recent convert to the policy which has been laid down, but have been, for many years past, one of those who have advocated the abolition of these duties at the earliest possible opportunity.

I altogether disbelieve that there is, in this matter, any conflict between Indian and English interests: I am satisfied that these interests are identical, and that they alike require the abolition of this tax. I will not speculate on what ought to have been done if the case had been different; but there is one thing which I wish to take this opportunity of saying: we are often told that it is the duty of the Government of India to think of Indian interests alone, and that if the interests of Manchester suffer it is no affair of ours: for my part, I utterly repudiate such doctrines: I have not ceased to be an Englishman because I have passed the greater part of my life in India, and have become a member of the Indian Government. The interests of Manchester, at which foolish people sneer, are the interests not only of the great and intelligent population engaged directly in the trade in cotton, but of millions of Englishmen: I am not ashamed to say that, while I hope that I feel, as strongly as any man, the duties which I owe to India, there is no higher duty in my estimation, than that which I owe to my own country. I believe that our countrymen at home have a real and very serious grievance, and that it is no imaginary injury against which they complain: I know that Your Excellency has resolved that the Government of India shall not shirk this business; and there need be no fear that it will be regarded in any half-hearted spirit. Your Excellency took the earliest opportunity which could be found, after you had assumed the office of Viceroy, to declare publicly your views upon this subject; and if I say no more regarding it now, it is mainly because I feel sure that Your Excellency will not lose the present opportunity of publicly declaring those views again: for myself personally, if I had not confidently expected to take part in this great reform, I doubt whether anything would have induced me to accept my present office; and I trust that I may still have a share in the performance of a task which I look upon as one of the most important which this Government has before it.

Cotton Duties.

The Government pledged to their abolition hereafter.

It is important, in my opinion, not only on its own account, but for the results which may follow hereafter. The net Sea Customs Revenue proper of India amounted in 1875-76 to £2,475,530, of which the duties on cotton goods yielded £850,000: when the cotton duties are removed, there will remain export duties on rice, indigo, and lac yielding together £620,000; and import duties on a multitude of articles yielding £930,000. Excluding the duties on cotton goods, the export and import duties together give £1,550,000: many of these duties are so objectionable that it is impossible that they can last: and can it be supposed that we should long continue to maintain huge establishments for the purpose of levying the small remnant of revenue that might survive? The truth is that cotton goods are the sole article of foreign production which the people of India largely consume, and there is no possibility of deriving a large customs revenue from anything else: I do not know how long a period may elapse before such a consummation is reached; but, whether we see it or not, the time is not hopelessly distant when the ports of India will be thrown open freely to the commerce of the world.

Possible future abolition of all Customs Duties in India.

I feel, my Lord, that the Statement which I have made to-day is open to this general objection, that I have said comparatively little of what has actually been done, and a great deal of what may be done in the future: I may be told that it is seldom wise for a Government to go out of its way to pledge itself to Measures which it intends to adopt hereafter, and which may turn out, after all, to be impracticable. Under our present circumstances, I do not think that this is applicable to us: a distinct conception having been formed of some at least of the great objects at which our financial policy ought to aim, it seems to me highly desirable that a clear and public avowal of those objects should be made: the Government may thus hope to obtain the greatest advantage which an honest Government can desire,—a full examination and discussion of its proposed policy: such discussion will either help it to carry that policy into effect, or will enable it to avoid errors into which it might otherwise fall.

Conclusion.

I have now, my Lord, finished my Statement: I have endeavoured to place before the Council and the public all the facts which it seemed to me might help them to form an accurate judgment on our financial position and on our

proposed policy: I have not attempted to keep out of sight anything which was unpleasant; but have perhaps rather been inclined to err in the other direction, and to bring almost too prominently into notice the weak points of our financial administration.

The final result which seems to me to come out very clearly is that the finances of India are, on the whole, in a prosperous and satisfactory state; and, that although there are some serious defects of system, they can certainly be removed: while I do not disguise from myself the fact that there may be grave difficulties before us, I look forward to the future not only with hope but with confidence.

FINANCIAL STATEMENT FOR 1877-78.

PART II.—MINUTE, DATED 15TH MARCH 1877, BY THE HON'BLE SIR JOHN STRACHEY, K.C.S.I., ON THE ACCOUNTS OF THE REVENUE AND EXPENDITURE AND RECEIPTS AND DISBURSEMENTS OF BRITISH INDIA IN 1875-76, AND THE REVISED ESTIMATES FOR 1876-77.

Preliminary

I PROPOSE, in this Minute, to review the Accounts of Revenue and Expenditure and Receipts and Disbursements, which are now completed for the year 1875-76, and the Revised Estimates for 1876-77, the year which is now about to close. My explanation of the Budget Estimates for the ensuing year, 1877-78, will, on this occasion, be made in the Legislative Council.

CHANGES IN THE FORMS OF THE ACCOUNTS.

I must, in the first place, explain that the Abstract Statements of the Accounts of the Revenue and Expenditure of 1875-76 and the Estimates of 1876-77 and 1877-78 which I have now the honor to place before the Council, differ in form from the Statements prepared during the last seven years.

From the 1st April 1871, the Government of Lord Mayo entrusted to the management of the Local Governments and Administrations certain important services, with Consolidated Allotments from the Imperial Revenues for their support; and the revenues connected with these services were, at the same time, surrendered for provincial uses. It was thought inexpedient to retain in the Imperial Accounts and Estimates the details of the revenue and expenditure thus made over to the Local Governments: accordingly, since 1871-72, these transferred Heads of Revenue and Expenditure have been excluded from the General Estimates and Accounts, the whole transactions respecting them being represented, there, by a single net entry under the Head *Allotments for Provincial Services*. The details thus omitted have been published in subsidiary statements, and each Local Government has given due publicity to its own Provincial Estimates and Accounts.

The Government of India now sees reason to regret the method then employed, because, by this method, figures of interest and importance are relegated to subordinate statements; the General Accounts and Estimates become incomplete; and the character of the arrangements between the Imperial and the Local Governments is not truly represented, or their operation sufficiently illustrated. The Government of India has, therefore, resolved to re-introduce into the Imperial Accounts and Estimates all the details omitted therefrom since 1871-72.

Accordingly, in the Abstract Statements which I now present to the Council, the heads of *Police* and *Education* appear again on each side of the Account, and the head *Allotments for Provincial Services* disappears, its elements being distributed among the several Heads of Revenue and Expenditure from which they were originally subtracted. Moreover, the Statements contain three new Adjusting Heads which are necessary in consequence of the arrangements between the Imperial and Local Governments, and which will, I believe, usefully illustrate the practical working of these arrangements.

NEW ADJUSTING HEADS.

The Local Governments are entitled to keep for provincial uses any surplus, while they must make good from provincial resources any deficit, upon their Provincial Accounts as a whole; such surplus is added to, and such deficit, in the first resort, supplied from, the Balances of the Local Governments in the hands of the Imperial Government. These additions and subtractions will henceforth be recorded under the Heads *Balances of the Local Governments Increased* and *Balances of the Local Governments Decreased*.

Preliminary.

It may happen, however, that the balance at credit of a Local Government does not suffice to cover a deficit in its Provincial Accounts; or, for other reasons, a Local Government may think it right to contribute funds from its separate provincial resources in support of the Imperial services which it administers. Whenever such contributions are made, they will be recorded under the Head *Provincial Contributions*. It is not deemed expedient to open on the expenditure side a corresponding account of *Contributions to Local Funds*, because, although such contributions are frequent, and might be found to counterbalance some substantial part of the *Provincial Contributions*, their object and destination can always be classified under some Service Head, and it is considered better thus to classify them, than to show them under a mere Transfer Head, which would give no information as to the nature of the service for which they are made.

Taking the three Adjusting Accounts *Provincial Contributions, Balances of the Local Governments Decreased*, and *Balances of the Local Governments Increased* together, a very good idea can be formed of the financial working of the arrangements with the Local Governments.

Re-amalgamation of Provincial and Imperial Accounts.

The engagements between the Imperial and Local Governments will no longer affect the form of the Imperial Accounts and Estimates, except through the adjusting accounts which I have described. The Revenue and Expenditure under all other Heads will be recorded without any reference to the several responsibilities of the Imperial and the Local Governments, which will be matter for arrangement altogether apart from the Accounts. Thus, henceforth, any one wishing to ascertain the total imperial revenue and expenditure of British India, under the several recognised Heads of Account, will be able to do so from the General Accounts and Estimates. It seems to me that this will be an advantage; and that the re-combination of the Accounts and Estimates of the Imperial Revenues and Expenditure, whether immediately administered by the Imperial or by the Local Governments, into one Imperial Statement, will make the whole more intelligible, and enable both the Government of India to control the Revenue and Expenditure, and the public to criticise the Accounts, more effectually than heretofore.

It will be necessary for the Local Governments to excerpt, for their own information, the items of Revenue and Expenditure for which they are primarily responsible: they will be required to publish the Accounts and Estimates thus compiled, which will be of great local interest; but such local Accounts will not form a part of the Accounts of British India.

Transactions of Guaranteed Companies.

A change is made in the manner in which the transactions of the Guaranteed Railway and Madras Irrigation Companies are exhibited in Statements Nos. IV, V, and VI. Hitherto these transactions have been there shown net after elimination of the effects of the conditions of the contracts as to the rate at which, in the accounts between the Government and the Companies, Rupees are converted into sterling. Henceforth these transactions will be shown gross, in Rupees, just as they occur.

Abstract Statements prepared in Rupees.

I ask a passing notice for another change of importance in the character of the Abstract Statements. For the last ten years, these Statements have been prepared, ostensibly, in Pounds Sterling, on the hypothesis that the English Pound is equal to ten Rupees. Since the Revenue and Expenditure and Receipts and Disbursements of the Government of India, in India, are really calculated in Rupees, the value of which, compared with the English money of account, varies from time to time, it is plain that the Pound Sterling used in these Statements was not a real Pound Sterling, but a conventional money of account peculiar to this purpose. So long as the value of Rs. 10 did not much vary, as for many years it did not, from £1, there was a certain convenience in this arrangement; and the figures conveyed to English readers a meaning not very far from the truth: but, of late years, there has ceased to be any close or normal relation between Rs. 10 and £1, and Statements prepared upon the hypothesis of such a relation, are now untrue and misleading. I shall, therefore, revert to the use of Rupees in the Abstract Accounts and Estimates appended to the Financial Statement: the Secretary of State will use his own discretion as to the money of account in which the Accounts and Estimates presented to Parliament shall be stated. In combining the Sterling Receipts and Disbursements under each Head, at the

Home Treasury, with the Rupee Receipts and Disbursements under the same Heads at the Indian Treasuries, it is only a degree less incorrect to call the totals, under each Head, Rupees, than it is to call them Sterling: the consequent errors of detail, which, under the existing system, cannot be avoided; and which, as will appear in the course of this Minute, are often highly inconvenient, are neutralised in the Grand Totals by the entry of the sum of them under the adjusting Head *Loss by Exchange;* the errors do not involve some of the most important Heads or the Grand Totals; and, although I am unable at present to eliminate them, I prefer to state the Accounts and Estimates in Rupees, as, on the whole, much less misleading than if I were to state them in Pounds Sterling.

Provincial Accounts, 1871—76.

PROVINCIAL ACCOUNTS, 1871—76.

It would have been interesting to compare the Accounts of the Local Governments for 1875-76 as now re-incorporated in the Imperial Accounts, with the corresponding portions of the last Accounts (for 1870-71), before the introduction of the system of Consolidated Allotments for Provincial Services; I shall attempt such a comparison in my Statement before the Legislative Council; but I fear that it cannot be made quite completely.

Comparison of Provincial Accounts, 1870-71 and 1875-76.

As already explained, it is possible that a portion of the expenditure for Education and Public Works now recorded as Imperial in 1875-76, would have been treated as Local in 1870-71 and *vice versâ*. In any case, the growth of the expenditure upon these important Services in the five years was trifling; and the Imperial Government has been, certainly, set free from importunate claims upon its resources.

It will be remembered that the Governments of India inaugurated the Provincial system by granting to the Local Governments balances aggregating Rs. 20,00,000. Their receipts in the five years, apart from *Provincial Contributions*, have aggregated Rs. 29,57,31,568, and the sum of Rs. 55,93,660 has been contributed to the Delegated Services from Provincial Resources. The expenditure upon the Delegated Services has amounted to Rs. 30,03,76,338, and the balances of the Local Governments on the 31st March 1876 were Rs. 29,48,890. Of the whole expenditure, Rs. 15,27,296 is recorded as Contributions to Local Funds; but I am doubtful whether this can be accepted as accurately representing the relief to Local Funds by the transfer of expenditure from the Local to the Imperial category; the net burden upon separate Provincial Resources cannot, in any case, have been very heavy. Of the gross sum of Rs. 55,93,660 shown as *Provincial Contributions*, Rs. 8,98,434 is on account of *Famine Relief* in Bengal, and explains the abnormal amount recorded under this Head in 1875-76. The Abstract Account of the five years is as follows:—

Provincial Accounts of five years, 1871—76.

Assigned Revenues of the Local Governments, and their Expenditure upon the Delegated Services, 1871—76.

	Rs.		Rs.
Opening Balance, 1st April 1871	20,00,000	*Expenditure on Transferred Services ... ...*	30,03,76,338
Assigned Revenues... ..	4,13,05,938	*Closing Balance, 31st March 1876 ... ..*	29,48,890
Allotments from Imperial Revenues	25,44,25,630		
Provincial Contributions ...	55,93,660		
Total ...	30,33,25,228	*Total ...*	30,33,25,228

In 1875-76, the Local Governments spent net Rs. 33,72,860* more than their Fixed Allotments and Assigned Revenues together, of which Rs. 18,91,710 was taken from the balances at credit of the Local Governments in the Imperial Treasury, and Rs. 14,81,150 was provided from Provincial Resources.

	Rs.	Rs.
Provincial Contributions . ..		14,81,150
Balances of the Local Governments Decreased	23,33,590	
Balances of the Local Governments Increased	4,41,880	
		18,91,710
		33,72,860

I think it well to offer a few further explanations of the Provincial Contributions, to which much interest attaches. The Local Funds in any Province are of two kinds: many of these Funds belong exclusively to particular

Provincial Contributions explained.

Accounts, 1875-76.

districts or localities, and can be expended only for their benefit; but, in each Province, there is a more or less considerable residuum at the disposal of the Local Government for use, at its discretion, throughout the Province. When the system of Consolidated Allotments of Imperial Revenue for certain Delegated Services was adopted, it was, at first, thought convenient to amalgamate the Accounts of the Transferred Services and Revenues with those of the Local Funds at the disposal of the Local Governments for general provincial purposes, and unnecessary to maintain any separation between these two Accounts. But this amalgamation was found to be inconvenient; as it made it difficult for the Government of India to ascertain, from time to time, all the financial consequences of the new system as compared with the old. The Government of India determined, therefore, some time ago, to arrange for as complete a re-separation as possible of the transactions which would, under the old system, have been recorded in the Imperial Accounts, from those which would have been treated as transactions of Local Funds.

The abandoned system had made such progress that it is doubtful whether this separation can be completely effected as regards the past, or, even, whether it is, as yet, perfectly accomplished as regards recent and current expenditure. For this reason it cannot be said with confidence that the revenue hitherto recorded as *Provincial Contributions* is all of the nature of a demand upon separate Provincial Resources which would not have occurred under the old system. Indeed, it is certain that some considerable portion of these contributions is balanced by the record as imperial of expenditure which would, under the old system, have been a charge upon Local, or separate Provincial Resources. I hope, however, that the means will gradually be found of altogether removing from both sides of the Imperial Accounts, in future, all transactions which, under the old system, would, directly or indirectly, have been recorded under "Local Funds:" when this is effected, the demands upon local resources for imperial purposes will, I believe, be found to be, as yet, inconsiderable.

It will be seen from Statement No. VII that the whole sum raised in India in 1875-76 by Local Taxes, Rates, and Cesses was only Rs. 2,03,83,620: the estimated amount in 1876-77 is Rs. 2,07,32,000, and in 1877-78 Rs. 2,23,29,000. This last amount is, however, exclusive of new taxation to be imposed under the measures which I shall this day describe in the Legislative Council.

ACCOUNTS OF REVENUE AND EXPENDITURE, 1875-76.

Comparison between Regular Estimates and Accounts, 1875-76.

I proceed to explain the differences between the Regular Estimates of the Revenue and Expenditure of 1875-76 made by the Hon'ble Sir William Muir on the 31st March last, and the Accounts of that year as since completed.

Sir William Muir estimated that the Grand Total Revenue would be Rs. 50,99,10,000, and the Grand Total Expenditure Rs. 53,88,70,000; and that there would be a Deficit of Rs. 2,89,60,000; or (the Extraordinary Expenditure being estimated at Rs. 4,14,30,000), a Surplus on the Ordinary Account of Rs. 1,24,70,000. The completed Accounts show the Revenue to have been Rs. 52,51,57,887, the Expenditure Rs. 55,11,75,355, and the Deficit Rs. 2,60,17,468, being less than the estimate by Rs. 29,42,532: the Extraordinary Expenditure having been Rs. 4,27,06,290, the Surplus on the Ordinary Account was Rs. 1,66,88,822, being more than the Estimate by Rs. 42,18,822.

The Revenue has exceeded the Estimate by Rs. 1,52,47,887, and the Expenditure by Rs. 1,23,05,355. Of these excesses, Rs. 97,23,653 on each side of the Account is due to the re-incorporation, in gross, of the transactions of the Local Governments, which were represented in the Regular Estimates, by a single net entry; if this disturbing cause be abstracted, there remains an excess Revenue of Rs. 55,24,234, and an excess Expenditure of Rs. 25,81,702, of which Rs. 13,05,412 is in the Ordinary Section of the Account, and Rs. 12,76,290 is Extraordinary. This latter excess is due to the purchase of certain stores from the Guaranteed Railway Companies for the State Railways, a transaction not anticipated when the Regular Estimates were closed.

It is not necessary now to make any minute comparison between the details of Sir William Muir's Estimates and the Accounts, and I shall content myself with mentioning only the principal items of difference. Only two of the Heads of Revenue yielded, in a noteworthy degree, less than the estimate, *viz.*, *Salt*, Rs. 4,15,850, the clearances of Foreign Salt during March having been abnormally deficient, and *Irrigation*, Rs. 1,12,800, an old Account having been adjusted: all the other important Heads of Revenue show improvement, the chief items being as follows: Accounts, 1875-76.

Land Revenue, Rs. 13,17,420, occurred in Bengal, where unexpected arrears were collected, and in Madras. So large a portion of the Land Revenue is collected at the close of the year, that it is impossible to secure absolute correspondence even between the Regular Estimates and the Accounts of Land Revenue.

Forest, net improvement Rs. 6,88,598, which occurred chiefly in British Burmah, and might perhaps have been foretold.

Marine, net improvement Rs. 5,35,639, chiefly in Bengal, where there was an unexpected transfer entry.

The only important failure in the Estimates of Expenditure is under *Refunds*, under which Head it became necessary to adjust a large erroneous credit of Land Revenue in Bombay.

The expenditure on *Famine Relief* was considerably less than the sum shown in the Regular Estimates. The Imperial Expenditure was, indeed, only Rs. 50,85,550, being less than the Regular Estimate by Rs. 14,74,450. But, under the new system of combining the two Accounts, the Provincial Expenditure, in 1875-76, upon the Famine, Rs. 8,72,243, is added to the Imperial Expenditure, and the whole becomes Rs. 59,57,793.

In the Original Estimates of Revenue and Expenditure for 1875-76 provision was made for a Surplus upon the Ordinary Account of Rs. 50,60,000. The actual Surplus was Rs. 1,66,88,822; and this, notwithstanding a revision of the Customs Tariff, in the middle of the year, with an estimated effect of Rs. 26,60,000 adverse to the Estimates; notwithstanding, also, an unestimated adjustment from the Imperial Revenues of Rs. 50,85,550 for *Famine Relief*. COMPARISON OF THE ORIGINAL ESTIMATES WITH THE ACCOUNTS, 1875-76.

The Revenues exceeded the Original Estimates by Rs. 1,72,34,234, and the Expenditure exceeded the Estimates by Rs. 56,05,412. The principal items of improvement are *Opium*, Rs. 50,28,600, and *The Army*, Rs. 51,31,540: minor improvements are *Land Revenue*, Rs. 12,47,420; *Forest*, Rs. 10,30,080; *Excise*, Rs. 12,63,770; and *Customs* (notwithstanding the revision of the Tariff), Rs. 4,46,580. The chief items of deterioration are *Famine Relief*, Rs. 50,85,550, and *Public Works Ordinary*, Rs. 19,05,530.

Of the Extraordinary Expenditure, Rs. 3,16,51,840 was spent upon Railroads, chiefly as follows:—

	Rs.		Rs.
Rajputana ...	33,69,370	Punjab Northern ...	32,69,800
Holkar	28,39,730	Sindhia	5,57,810
Neemuch ..	20,03,080	Tirhoot	9,75,760
Wardah Valley ...	14,08,940	Northern Bengal ...	31,88,540
Indus Valley ...	1,00,62,100	Rangoon ...	40,95,180

and Rs. 1,10,54,450 on Canals, principally as follows:—

	Rs.		Rs.
Orissa Canals ...	10,50,430	Lower Ganges ...	25,22,870
Midnapore ...	3,35,730	Western Jumna ...	4,91,840
Sône	25,75,140	Bari Doab ...	3,27,090
Ganges	5,82,550	Sirhind ...	14,84,260
Agra	5,91,450	Godavery Delta Works	4,48,300
		Moota Lake ...	3,35,650

Accounts, 1875-76.

CAPITAL EXPENDITURE TO END OF 1875-76.

The Total Capital Expenditure on Irrigation Works in India, to the end of 1875-76, amounted to Rs. 16,55,44,070, of which Rs. 8,70,80,510 was classified as Extraordinary as follows :—

	Ordinary.	Extraordinary.	Contribution.	Capital value of land used for works.	TOTAL.
	Rs.	Rs.	Rs.	Rs.	Rs.
I.—Capital outlay in Provinces in which the Revenue due to the Canals has been ascertained—					
Bengal	14,63,490	3,92,12,490	...	51,440	4,07,27,420
North-Western Provinces ...	2,82,10,100	2,01,27,210	...	10,57,960	4,93,95,270
Punjab ..	1,63,22,770	1,27,68,910	41,80,090	83,260	3,33,55,030
	4,59,96,360	7,21,08,610	41,80,090	11,92,660	12,34,77,720
II.—Capital Outlay in Provinces in which the Revenue due to Canals has still to be ascertained—					
Madras	1,20,36,200	67,34,780	...	...	1,87,70,980
Bombay ...	1,03,17,420	80,50,140	16,810	2,34,660	1,86,19,030
Rajputana	10,44,140	1,86,980	...	...	12,31,120
	2,33,97,760	1,49,71,900	16,810	2,34,660	3,86,21,130
III.—Capital Outlay in Provinces in which Operations on Irrigation Works have been suspended—					
Central Provinces ...	3,40,860	...	...	...	3,40,860
Oudh	4,41,080	..	...	...	4,41,080
	7,81,940	...	...	...	7,81,940
TOTAL OF I, II, & III...	7,01,76,060	8,70,80,510	41,96,900	14,27,320	16,28,80,790
IV.—Capital Outlay on Embankment Works in British Burmah	26,63,280	...	...	..	26,63,280
	7,28,39,340	8,70,80,510	41,96,900	14,27,320	16,55,44,070

	Rs.
The total Receipts during 1875-76 have been	69,86,570
From this sum the amount to be deducted for working expenses is...	33,41,780
Thus leaving the Net Revenue at	36,44,790

which is 3·6 per cent. on a Capital Outlay of £10,072,328, which is the amount spent on Canals now yielding revenue.

WAYS AND MEANS FOR EXTRAORDINARY EXPENDITURE IN 1875-76.

Of the Rs. 4,27,06,290 classified as Extraordinary Expenditure, Rs. 1,66,88,822, or 39 per cent., appears from the Accounts to have been provided from the Revenues of the year, leaving only 61 per cent. to be met from borrowed money. The financial results of the year 1875-76 would thus have been highly satisfactory if all the Extraordinary Expenditure had been on really reproductive works. Unfortunately, however, no less than Rs. 1,38,25,923 was expended under this head on the Punjab Northern and Indus Valley Railways in 1875-76, and, as I shall have occasion to explain elsewhere, the direct returns which we shall get from these Railways will be very small.

The expenditure for the relief of the Famine of 1874 in Northern Bengal, may now be said to have been completely brought to account: there may be still some outlying items; but they will not be important. The total is as follows:— Accounts, 1875-76. Cost of Famine Relief, Bengal.

	Rs.
In 1873-74	3,86,46,730
In 1874-75	2,23,78,600
In 1875-76 (including Expenditure from Provincial Funds) ..	59,57,793
Total	6,69,83,123

of which Rs. 8,98,434 was provided from Provincial Resources, and Rs. 6,60,84,689 from the Imperial Revenues There was a set-off in increased Net Traffic Receipts on the *Guaranteed Railways* estimated by Sir William Muir, last year, at Rs. 17,00,000; but, on the other hand, there was some loss of *Excise* and other revenue, and a substantial expenditure from Local Funds. The whole net cost of the measures for the relief of the Bengal Famine cannot now be stated at less than $6\frac{3}{4}$ crores of Rupees.

If there had been no Imperial Expenditure for Famine Relief, the Surplus Imperial Revenue of the three years on the Ordinary Account would have been— How far met from current Revenues.

	Rs.
1873-74...	2,05,70,050
1874-75...	2,55,70,575
1875-76...	2,17,74,370
Total ...	6,79,14,995

Thus, according to the Accounts, the Revenues of the three years bore the whole cost of the Famine, and even yielded a Surplus of Rs. 9,31,872. If we add to this the sum of Rs. 8,98,434 contributed from Provincial Resources, the net Surplus of the three years on the Imperial Ordinary Account would be Rs. 18,30,306. This apparently happy result is marred by the fact that there was, during these three years, an expenditure of Rs. 3,35,26,565 upon the Railways which I have just mentioned, which, although treated as Extraordinary Works, cannot be expected to be, in any sufficient degree, reproductive. In speaking of the arrangements proposed for the coming year, 1877-78, I shall refer more particularly to this subject, and shall explain the resolution of the Government to treat, hereafter, expenditure of this kind as ordinary.

ACCOUNTS OF WAYS AND MEANS, 1875-76.

I have still to examine the Ways and Means by which provision was made for the service of the year 1875-76, and to compare them with the Regular Estimates. The figures which I am about to quote will be found, in a convenient shape, in little tables at foot of the page in the left hand corner of Statements Nos. IV, V, and VI. Those with which they are to be compared are in the corresponding little tables in the centre of the same Statements appended to Sir W. Muir's Financial Statement of 31st March last. If any one wishes for more details than these little abstracts contain, they are to be found in the body of the Statements themselves. Ways and Means, 1875-76, compared with Regular Estimates.

We have seen that the deficit of Imperial Revenue in 1875-76 was altogether Rs. 2,60,17,470, being an improvement upon the Estimate of Rs. 29,42,530. We lent, during the year, to Native States and Public bodies Rs. 38,74,876 more than we received: the sum is smaller by Rs. 7,40,124 than was expected. The Guaranteed Railway and Irrigation Companies withdrew from our Treasuries the sum of Rs. 1,04,31,836, being less than was expected by Rs. 19,86,164. The disbursements from the balances of the Military Funds were Rs. 41,36,267, being Rs. 733 less than Estimate: the amount is abnormal, being due to the refund of their subscriptions to a large number of the members of the Bengal Medical Retiring Fund. The Local Governments drew for separate provincial and local purposes Rs. 40,22,930, being more by Rs. 60,930 than was estimated. Altogether we had to make good from other sources than the public Revenues the sum of Rs. 4,84,83,379, being less than Sir William Muir estimated by Rs. 74,16,621. Liabilities.

Statistics. 1875-76 ASSETS.

Towards meeting this obligation we borrowed the net sum of Rs. 4,10,95,219, being more by Rs. 20,68,219 than was expected; the excess was in England. The money deposited in our Savings Banks exceeded the money drawn out by Rs. 8,40,206, being less by Rs. 1,22,794 than was estimated: the deposits of the Covenanted and Uncovenanted Civil Service Funds were Rs. 11,18,471, being more by Rs. 85,471 than the Estimate, and the balance on the Deposit and Advance Account was in our favour by Rs 20,18,538, being less by Rs. 30,25,462 than was expected. The remaining transactions yielded to the Treasury the net sum of Rs. 23,93,032, while it was estimated they would withdraw from the Treasury Rs. 18,08,000.

Thus it happened that, instead of the estimated reduction of Rs. 98,33,000, the actual reduction of the cash balances during the year was only Rs. 10,17,913, an improvement of Rs. 88,15,087, of which Rs. 70,93,000 was in India and the rest in the Home Treasury.

FINANCIAL AND COMMERCIAL STATISTICS, 1875-76.

FINANCIAL AND COMMERCIAL STATISTICS, 1875-76, COMPARED WITH THE PRECEDING YEARS.

In the following table some important financial and commercial statistics belonging to the year 1875-76 are compared with the same statistics for the two preceding years.

(Values (excepting (a),) in Rupees.)

	1873-74.	1874-75.	1875-76.
Net imports of gold	*1,38,00,000*	*1,87,00,000*	*1,54,00,000*
Net imports of silver	*2,47,00,000*	*4,64,00,000*	*1,56,00,000*
Total Net imports of Treasure ...	*3,85,00,000*	*6,51,00,000*	*3,10,00,000*
Public Debt incurred, including Guaranteed Railway Capital ...	*1,04,00,000*	*9,21,00,000*	*4,79,00,000*
Bills drawn by Secretary of State upon Government of India	*14,25,00,000*	*11,76,00,000*	*13,75,00,000*
Amount in sterling obtained for each rupee (a)	*22,37d.*	*22,12d.*	*21,62d.*
Average price of an ounce troy standard Silver in London (a) ...	*59,16d.*	*58,16d.*	*56,20d.*
Commodities excluding Treasure.			
Exports	*55,00,00,000*	*56,36,00,000*	*58,09,00,000*
Imports	*33,82,00,000*	*36,22,00,000*	*38,89,00,000*
Net exports	*21,18,00,000*	*20,14,00,000*	*19,20,00,000*

The excess net imports of silver, and the reduction of the Council Bills, in 1874-75, are due to the large amount borrowed in that year for the campaign against the Bengal Famine, and for Railways and other Public Works.

In 1873-74, for the first time for 23 years, the average price of an ounce troy of standard silver in London fell below 60*d.*: the continuous fall in 1874-75 and 1875-76 marks the course of a phenomenon that has already caused, and must, I fear, for some time to come, cause, grave anxiety to all interested in India: I shall have to refer to the subject hereafter.

The value of commodities (other than treasure) exported in 1875-76 exceeded the exports of 1874-75 by Rs. 1,73,00,000: but the value of Imports grew by the still larger sum of Rs. 2,67,00,000: consequently, the Net Exports of India (excluding treasure) fell off by Rs. 94,00,000.

Including treasure, the Net Exports of the three years were—

1873-74.	1874-75.	1875-76.
Rs.	Rs.	Rs.
17,83,00,000	13,63,00,000	16,10,00,000

So that the Net Exports of 1875-76 altogether, though less than those of 1873-74 by Rs. 1,23,00,000, exceeded those of 1874-75 by Rs. 2,47,00,000.

The most important of our exports is *Cotton, Raw,* the statistics of which are as follows:—

	1873-74.	1874-75.	1875-76.
Cwts.	45,00,000	56,00,000	50,10,000
Value (in Rupees) ...	13,21,22,000	15,25,73,000	13,27,90,000

The great exports of 1874-75 were thus not maintained in 1875-76: this is attributed, partly, to an abundant crop in the United States, and, partly, to increasing demands for this important staple for home consumption. In correspondence with this latter influence, the exports of *Manufactures of Cotton*, including twist and yarn, show an important development, as follows:— Statistics, 1875-76.

1873-74.	1874-75.	1875-76.
Rs.	Rs.	Rs.
52,26,000	51,24,000	66,34,000

The imports of Cotton Goods, including twist and yarn, were:—

1873-74.	1874-75.	1875-76.
Rs.	Rs.	Rs.
17,78,46,000	19,42,13,000	19,25,87,000

The value of the imports of Cotton Manufactures, excluding twist and yarn, has not decreased. The figures are—

1873-74	1874-75.	1875-76.
Rs.	Rs.	Rs.
15,15,57,000	16,26,36,000	16,46,39,000

There was, indeed, a decrease in the value of grey (unbleached) goods imported, on private account in 1875-76, as compared with 1874-75, amounting to Rs. 73,58,240; but it was more than counterbalanced by increases under other descriptions in both quantities and values. It should be mentioned here that the values of grey goods returned in 1873-74 and 1874-75 were tariff values, which were above the market values; while, in 1875-76, their recorded values have been the actual market values, exclusive of duty.

The following table contains the Statistics of our most important Exports for the three years:— Principal Exports.

(Values in Rupees.)

		1873-74.	1874-75.	1875-76.
Cotton Goods, Twist and Yarn ...	lbs. ...	2,455,000	2,835,000	6,229,000
	value ...	12,84,000	14,76,000	26,69,000
" *Manufactures* ...	value ...	39,42,000	36,48,000	39,65,000
Coffee	(cwts.) ...	364,000	312,000	372,000
	value ...	1,49,14,000	1,30,53,000	1,62,70,000
Hides and Skins, raw, dressed, and tanned ...	(value) ...	2,61,82,000	2,67,78,000	2,94,36,000
Indigo	(cwts.) ...	116,000	81,000	110,000
	value ...	3,55,53,000	2,57,63,000	2,87,51,000
Jute, raw and manufactured ...	(value) ...	3,63,77,000	3,48,55,000	3,29,45,000
Lac	(value) ...	25,77,000	25,40,000	75,57,000
Opium	(chests)...	89,000	95,000	88,000
	value ...	11,34,19,000	11,95,70,000	11,14,84,000
Rice	(cwts.) ...	20,245,000	17,393,000	20,416,000
	value ...	5,54,98,000	4,76,53,000	5,31,11,000
Saltpetre	(cwts.) ...	4,51,000	5,53,000	415,000
	value ...	46,50,000	50,15,000	34,89,000
Seeds	(cwts.) ...	4,433,000	6,075,000	10,507,000
	value ...	2,36,14,000	3,23,59,000	5,46,20,000
Silk	(cwts.) ...	19,000	14,000	11,000
	value ...	1,14,37,000	76,65,000	41,60,000
Sugar and Saccharine produce ...	(value) ...	22,78,000	31,92,000	25,39,000
Tea	(cwts.) ...	1,72,000	1,88,000	2,17,000
	value ...	1,74,29,000	1,93,74,000	2,16,64,000
Wheat	(cwts.) ...	1,756,000	1,069,000	2,498,000
	value ...	82,76,000	49,04,000	90,10,000
Wood, Teak	(cubic tons)	51,000	43,000	61,000
	value ...	38,13,000	32,86,000	44,06,000
Wool, raw	(cwts.) ...	1,81,000	1,90,000	2,12,000
	value ...	93,83,000	95,99,000	1,09,42,000

This table shows a healthy condition of our export trade. The augmented exports of *Coffee*, *Hides*, *Seeds*, *Tea*, *Wheat*, and *Wool* are especially noteworthy. It is interesting to find that, as with *Cotton*, so with *Hides* and *Jute*, the export of manufactured articles is, in an important degree, superseding the export of the raw material; our chief customers for gunny bags are, *Australia* for wool packs, *California* for grain-sacks, and the *Eastern Asiatic Countries* for grain-bags, &c. The serious decline in the silk trade is

Regular Estimates, 1876-77.

compensated by the growth of other items. I hope that the nascent demand for Indian wheat will not be checked by malpractices in India, or by the carelessness of exporters. There are complaints of the admixture in Indian wheats of barley, gram, and other grains; and, should this continue, India will fail in her competition with the United States, Austro-Hungary, Southern Russia, Egypt, and other wheat-producing countries.

PRINCIPAL IMPORTS.

The following table contains statistics of our most important imports besides *Cotton Manufactures*. The growth of the imports of *Metals* and *Woollens* is interesting. The *Salt* figures indicate a serious decrease in the value of that staple, by which, however, consumers must have profited—

(Values in Rupees.)

	1873-74.	1874-75.	1875-76.
Apparel	57,82,000	62,05,000	61,60,000
Coal, excluding coke and patent fuel			
(tons)	3,54,000	3,51,000	3,69,000
(value)	72,22,000	66,19,000	63,47,000
Liquors	1,39,27,000	1,52,93,000	1,70,22,000
Machinery and Millwork	1,00,23,000	1,18,59,000	1,43,99,000
Metals	1,73,85,000	2,60,71,000	3,30,92,000
Railway Plant and Rolling Stock ...	88,960	78,090	1,07,910
Salt (tons)	2,79,000	2,77,000	3,65,000
„ (value	83,53,000	75,58,000	60,71,000
Silk (Raw) (value)	78,69,000	87,29,000	69,49,000
„ (*manufactured*) (value) ...	60,84,000	71,05,000	70,94,000
Sugar and Saccharine produce ...	55,90,000	51,65,000	89,59,000
Tea (value)	18,29,000	17,00,000	24,76,000
Woollen Manufactures (value) ...	66,89,000	55,76,000	86,98,000

Upon the whole, the trade of India, at the end of 1875-76, seems to have been in a satisfactory condition.

REGULAR ESTIMATES, 1876-77.

REGULAR ESTIMATES, 1876-77, COMPARED WITH ORIGINAL ESTIMATES.

I come now to the present prospects of the current year, 1876-77, which I will first compare with the Estimates of Sir William Muir published on the 31st March 1876. As those Estimates have been recast in the form that I propose henceforth to use, I shall be able to enter into any detail that seems expedient.

Sir William Muir estimated that the Grand Total Revenue would be Rs. 50,48,00,000; that the Grand Total Expenditure would be Rs 54,09,50,000; and, thus, that there would be a Deficit of Rs. 3,61,50,000. These same Estimates recast in the new form are as follows :—

	Rs.
Expenditure	55,11,04,000
Revenue	51,49,54,000
Deficit ...	3,61,50,000

In both cases alike, the Deficit is converted into a Surplus of Rs. 14,40,000 if the Extraordinary Expenditure (Rs. 3,75,90,000) is excluded from consideration.

The present Estimates are—

GENERAL RESULT.

That the Expenditure will be Rs. 57,28,50,000, exceeding the Original Estimates by Rs. 2,17,46,000.

That the Revenue will be Rs. 51,20,67,000, or less than the Original Estimates by Rs. 28,87,000.

And, thus, that the Deficit will be Rs. 6,07,83,000, or more than Sir W. Muir's Estimates by Rs. 2,46,33,000.

If the estimated Extraordinary Expenditure be excluded from the Account, the Deficit is reduced to Rs. 2,27,83,000; being a result worse than Sir William Muir expected by Rs. 2,42,23,000.

Regular Estimates, 1876-77.

These Estimates may be compared thus :—

	Sir William Muir's Estimates. Estimates of 31st March 1876.	Sir William Muir's Estimates. As now recast.	Present Estimates.	Worse.
	Rs.	Rs.	Rs.	Rs.
Grand Total Expenditure ...	54,09,50,000	55,11,04,000	57,28,50,000	2,17,46,000
Grand Total Revenue ...	50,48,00,000	51,49,54,000	51,20,67,000	28,87,000
Deficit	3,61,50,000	3,61.50,000	6,07,83,000	2,46,33,000
Public Works Extraordinary ...	3,75,90,000	3,75,90,000	3,80,00,000	4,10,000
Result if Extraordinary Expenditure is excluded ... *Surplus*	14,40,000	14,40,000	*Deficit* 2,27,83,000	2,42,23,000

FINANCIAL RESULTS OF THE FAMINE IN MADRAS AND BOMBAY.

This untoward result is due entirely to the Famine in the Madras and Bombay Presidencies. Without describing afresh the extent and severity of this calamity, I will, here, simply state its effects upon the Estimates of Revenue and Expenditure, both for the current and the coming year, so far as they can now be traced. This will be most conveniently done in the following tabular form :—

Effects of the Famine in the Presidencies of Madras and Bombay, upon the Estimates, 1876-77 and 1877-78.

1876-77	*Loss of Land Revenue.*	*Loss of Excise Revenue.*	*Loss of Forest Revenue.*	*Direct Outlay for Famine Relief.*	*Excess charges in the Army.*	*Total.*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Madras ...	99,65,000	9,25,000	50,000	1,44,10,000	5,00,000	2,58,50,000
Bombay ...	38,80,000	...	1,50,000	47,00,000	3,00,000	90,30,000
Total ...	1,38,45,000	9,25,000	2,00,000	1,91,10,000	8,00,000	3,48,80,000
1877-78.						
Madras ...	31,84,000	3,33,000		73,50,000	6,37,000	1,15,04,000
Bombay ...	17,67,000	...		69,00,000	4,00,000	90,67,000
Total ...	49,51,000	3,33,000		1,42,50,000	10,37,000	2,05,71,000
Grand Total	1,87,96,000	12,58,000	2,00,000	3,33,60,000	18,37,000	5,54,51,000

The gross estimated cost of the Famine altogether is—

	Rs.
In Madras	3,73,54,000
In Bombay	1,80,97,000
TOTAL ...	5,54,51,000

of which Rs. 2,20,91,000 is loss of revenue and excess charges in the Army, and Rs. 3,33,60,000 is direct expenditure on measures of relief. From this gross sum of Rs. 5,54,51,000 must be deducted the gain to the Revenues from the increased earnings of the Guaranteed and State Railways; and this I find it at present impossible to estimate with any accuracy. I shall presently have to speak of a very gratifying improvement in the net traffic earnings of these Railways; but how much precisely of the improvement is due to the Famine, it is impossible, as yet, to say. Perhaps, on the whole, as near an estimate as can now be made of the net cost of the Famine is five and a quarter crores of Rupees, of which Rs. 3,10,00,000 falls on this year, and Rs. 2,15,00,000 on next year.

EVENTUAL COST.

The eventual cost of this Famine will depend upon how far it is found necessary wholly to remit the Land Revenue of which the collection is, for the present, suspended. The Hon'ble Sir Richard Temple is strongly of opinion that, if favorable seasons follow, the people will, hereafter, be able to pay at least Rs. 1,29,50,000 of the Rs. 1,87,96,000 Land Revenue which must for the time be left uncollected: but the Governor General in Council has considered it right to leave to the Governments of Madras and Bombay an unfettered discretion in this matter. These Governments will doubtless receive Sir Richard Temple's recommendations with all the deference which they deserve; and I may perhaps be permitted to express a hope that, without any undue harassment of the people, the Local Governments may yet find themselves able to recover, for the benefit of the general tax-payers, from those on whose behalf this great expenditure is being incurred, more than they now think possible.

Regular Estimates, 1876-77.

I cannot quit this part of my Statement without calling again to mind the zeal, energy, and ability with which Sir Richard Temple, abandoning a distinguished position of comparative ease and comfort, has devoted himself to those important public duties which he is now performing with admirable success.

If there had been no Famine, there would have been no Deficit in 1876-77, but, on the contrary, if the Estimates of the cost of the Famine are trustworthy, a Surplus on the Ordinary Account of Rs. 62,48,000,* that is to say, an improvement upon the Original Estimate of Rs. 48,08,000. Here, however, it must again be remembered that the sum of Rs. 1,38,58,850 was expended on works classed as extraordinary, but which cannot be called reproductive.

Detailed Comparisons.

The following are the explanatory remarks which seem called for regarding the various increases and decreases shown in the Abstract Statements.

Land Revenue.

I. Land Revenue.—The whole of the decrease, Rs. 1,37,59,000, is due to the Famine, but for which there would have been a small net improvement of Rs. 86,000.

Tributes.

II. Tributes.—The improvement of Rs. 50,000 is due to arrear payments by Banswara and Udhaypur.

Forest.

III. Forest.—The Original Estimates were for a Net Revenue of Rs. 18,26,000; the Regular Estimates are for a Net Revenue of Rs. 17,31,000, being less by Rs. 95,000. The failure is in the *Bombay* and *Madras* Presidencies, and is attributed to the Famine, which is estimated to have reduced the Net Revenue from *Forests* by at least Rs. 2,00,000.

Excise.

IV. Excise.—The Net Revenue from this source is now expected to be only Rs. 2,37,92,000, instead of Rs. 2,43,80,000. The decrease of Rs. 5,88,000 is much more than accounted for by the loss of Revenue from the Famine in Madras. But for the Famine, there would have been a considerable improvement. The Net Revenue from *Excise* in recent years (deducting Refunds) has been as follows:—

	Rs.		Rs.
1869-70 ...	... 1,99,20,810	1873-74 ...	... 2,19,12,340
1870-71 ...	... 2,07,93,600	1874-75 ...	... 2,25,44,140
1871-72 ...	... 2,23,24,660	1875-76 ...	... 2,40,70,560
1872-73 ...	... 2,19,09,070	1876-77, Regular Estimates	2,37,33,000

The steady improvement is satisfactory.

Customs.

VI. Customs show a serious decrease as compared with the Original Estimates of Rs. 15,08,000; the loss is generally distributed. It seems probable that the Original Estimates, which were based upon last year's Regular Estimates, were too sanguine. The net *Customs* Revenue of the last few years (deducting Refunds and Drawbacks) has been as follows:—

	Rs.		Rs.
1869-70 ...	... 2,16,63,020	1873-74 ...	... 2,37,36,730
1870-71 ...	... 2,35,11,350	1874-75 ...	... 2,42,17,380
1871-72 ...	... 2,34,05,590	1875-76 ...	... 2,47,00,620
1872-73 ...	... 2,40,11,230	1876-77, Regular Estimates	2,20,77,000

The net yearly Revenue sacrificed by the revision of the Tariff on the 5th August 1875 was estimated at Rs. 30,84,000: this sum deducted from the Net Revenue of 1874-75, the most productive recent year before 1875-76, would leave only Rs. 2,11,33,380, from which point the Revenue of 1876-77 shows a satisfactory recovery of 9½ lakhs of rupees. The *Customs* Revenue of 1875-76 was evidently abnormal; we cannot expect so speedy a recovery from the standard of 1874-75 as was estimated in March last.

Salt.

Salt.—The Net Revenue was estimated at Rs. 5,77,40,000: it is now estimated at Rs. 5,85,65,000, being a gross improvement of Rs. 8,25,000. The

	Rs.
* Estimated cost of Famine in 1876-77	3,10,00,000
Deficit on ordinary Account	2,27,83,000
Surplus but for Famine	82,17,000
Deduct loss by Exchange saved by Secretary of State reducing his drafts	19,69,000
Remains ...	62,48,000

Net Revenue under this important Head (deducting Refunds) has been as follows:— Regular Estimates, 1876-77.

	Rs.		Rs.
1869-70	5,46,20,160	1873-74	5,64,60,590
1870-71	5,68,52,590	1874-75	5,73,52,620
1871-72	5,45,57,090	1875-76	5,70,22,180
1872-73	5,64,28,950	1876-77, Regular Estimates ...	5,81,99,000

so that the Net Revenue of 1876-77 will, if the present Estimates are realised, be the largest yet obtained

VIII. Opium.—The Net Revenue was estimated at 6 crores of Rupees; it is now expected to be Rs. 6,37,50,000, an improvement of Rs. 37,50,000. The Gross Revenue has only once before been exceeded; and the Net Revenue would have been much larger than is now expected, but for the unprecedentedly large crop of 1876. The cost of this great crop fell upon the Revenues of the year, its surplus yield being added to the reserve store in the possession of the Government, which now amounts to 35,315 chests more than the quantity which will be sold during the calendar year 1877. The recent figures of the Opium Revenue are as follows:— Opium.

	Gross Revenue.	Expenditure.	Net Revenue.	
1869-70	7,95,15,570	1,82,06,830	6,13,08,740	
1870-71	8,04,54,590	2,01,44,250	6,03,10,340	
1871-72	9,25,38,590	1,59,66,460	7,65,72,130	Short crops.
1872-73	8,68,46,910	1,81,42,680	6,87,04,230	Short crops.
1873-74	8,32,48,790	2,00,12,800	6,32,35,990	
1874-75	8,55,66,290	2,34,15,460	6,21,50,830	
1875-76	8,47,14,250	2,21,85,650	6,25,28,600	
1876-77	9,17,68,000	2,80,18,000	6,37,50,000	Great crop.
	68,46,52,990	16,60,92,130	51,85,59,860	

The average yearly Net Revenue for these eight years has been Rs. 6,48,19,982, the Net Revenue of particular years depending much upon the outturn of the crop paid for. The Net Revenue of 1876-77 is rather below the average of the eight years, but compares favorably with all but two of these years. Bengal Opium is now expected to yield net less than the Estimate by Rs. 1,60,000, the excess expenditure being, by this amount, larger than the large excess revenue. Malwa opium is expected to yield Rs. 38,90,000 more than the Estimates.

On the 19th December 1876, the Opium Act (No. XXIII of 1876) received the assent of the Governor General. This much-needed Law will enable the Government to regulate and supervise the growth of the poppy and all transactions with Opium throughout India: hitherto, in many parts of the country, either there has been no law, or the law has been doubtful. Opium Act, 1876.

IX. Stamps.—The Net Revenue from *Stamps* and *Law and Justice* (the portion now Imperial) is now expected to be Rs. 3,09,25,000 instead of Rs. 3,05,00,000, as at first estimated, an Improvement of Rs. 4,25,000. The Net Revenues from *Stamps* and the existing imperial items under *Law and Justice* (deducting Refunds) show a steady improvement as follows:— Stamps.

	Rs.		Rs.
1871-72	2,68,40,230	1874-75	2,88,44,860
1872-73	2,84,31,580	1875-76	2,97,10,000
1873-74	2,89,55,410	1876-77, Regular Estimates	3,02,05,000

X. Mint.—Sir W. Muir estimated the Net Revenue from the Mints at Rs. 3,00,000; it is now expected to be Rs. 8,46,000, the excess (Rs. 5,46,000) being due to a large coinage of silver. Mints.

XIII.—The decrease of Rs. 3,37,000 under *Law and Justice* is in the Provincial portion (*Jails* and *Registration*), and is partly set off by a saving of Rs. 1,75,000 under the corresponding Heads of Expenditure.

XIX. Gain by Exchange.—The large improvement in the Net Traffic Earnings of the Guaranteed Railway Companies entails the improvement of Rs. 11,57,000 here shown. Gain by Exchange.

XX. Miscellaneous.—The improvement of Rs. 2,91,000 occurs mainly in England, the chief items being £9,600 for Cinchona bark sold, £6,400 from the exhibition of the presents taken home by His Royal Highness the Prince Miscellaneous.

Regular Estimates, 1876-77.

of Wales, and £5,000 fines on contractors subsequently remitted, and shown under the corresponding Head of Expenditure. A curious item in India is the State share of nine ingots of gold, valued at Rs. 53,240, discovered in the Kistna District.

IRRIGATION.

Irrigation.—The small decrease of Rs. 2,63,000 is due to the favorable season in the Punjab causing a loss of Rs. 1,37,200, and to disappointments in Bengal.

The probable Extraordinary outlay on Canals in 1876-77 is Rs. 1,01,20,000, as follows:—

	Rs.		Rs.
Madras	3,75,000	North-Western Provinces	33,00,000
Bombay	6,49,000	Punjab	20,00,000
Bengal	37,50,000	In England ...	46,000

In 1876-77 the total direct receipts from Irrigation Works are estimated to amount to Rs. 50,06,750. Of this sum, the amount expected to be derived from the completed Canals on which the Capital Outlay has been Rs. 10,07,23,280 is Rs. 47,01,000: the estimated amount of Land Revenue due to or dependent on the works is Rs. 20,20,340: thus the Gross Revenue is estimated at Rs. 67,21,340. The working expenses from which this Gross Revenue is derived is estimated to amount to Rs. 33,78,060: so that the expected Net Revenue is Rs. 33,43,280, or 3·3 per cent.

STATE RAILWAYS.

State Railways.—The Net Revenue from State Railways was estimated at Rs. 11,80,000; it is now expected to be only Rs. 10,42,000; the decrease of Rs. 1,38,000 is owing to slackness of trade, especially on the Holkar Line, and also to the Northern Bengal and Indus Valley Lines not having been opened for traffic so soon as was expected.

The growth of the revenue from State Railways is, however, encouraging: as follows:—

	Gross Earnings.	Working Expenses.	Net Traffic Earnings.
	Rs.	Rs.	Rs.
1872-73	... 1,65,330	1,79,140	– 13,811
1873-74	... 3,99,140	7,28,240	– 3,29,100
1874-75	... 13,09,860	18,38,830	– 5,28,970
1875-76	... 28,95,120	21,47,130	7,47,990
1876-77, Regular Estimates ...	... 36,96,000	26,54,000	10,42,000
1877-78, Original Estimates ...	... 67,48,000	48,30,000	19,18,000

The Capital Expenditure on State Railways to the end of 1875-76 was Rs. 11,78,34,920; the Expenditure in 1876-77 is estimated at Rs. 2,95,80,970; and that in 1877-78 at Rs. 2,60,00,000, making the total Capital Expenditure to the end of 1877-78 Rs. 17,34,15,890.

CONTRIBUTIONS AND PROVINCIAL BALANCES, 1876-77.

Provincial Contributions and Balances of the Local Governments.—According to the Estimates, the Local Governments were to supplement their Assigned Revenues from separate Provincial Resources by Rs. 3,07,000, and from their balances by (net) Rs. 14,82,000; total Rs. 17,89,000. It is now expected that they will have to draw upon local resources for only Rs. 1,85,000, and upon their balances for only Rs. 7,84,000, *i. e.*, for (net) Rs. 9,69,000 in all: the amount would have been larger, but for a special grant of Rs. 2,50,000 from Imperial Funds to British Burmah, the rapid expansion of which Province makes such assistance indispensable. The Punjab draws from its local resources more than any other Province; it seems probable that some expenditure may still be classed there as Imperial, which, under the old system, was local.

INTEREST.

I pass now to EXPENDITURE. The net charge for *Interest* is now expected to be larger than was estimated by Rs. 3,42,000. The excess is entirely in the Estimates of the Home Treasury, where a larger sum was borrowed than was intended in March last. The Estimate then was that £2,640,000 would be

borrowed; the actual sum raised was £4,600,000, besides £500,000 borrowed temporarily. Regular Estimates, 1876-77.

(In Rupees.)

Interest Estimates compared.

(1876-77.)	Original.	Present.	Worse.	Better.
Interest on debt ...	5,36,00,000	5,41,07,000	5,07,000	
Interest on Service Funds, &c. ...	39,07,000	38,61,000	...	46,000
Total ...	5,75,07,000	5,79,68,000	4,61,000	
Receipts ...	50,80,000	51,99,000	...	1,19,000
Net Charge	5,24,27,000	5,27,69,000	3,42,000	

The following Government Securities were purchased by the Government of India early in the year, before any cause of anxiety had arisen respecting the crops:— PURCHASE OF SECURITIES.

	Capital. Rs.	Premium paid. Rs.
Bearing interest at 5½ per cent.	35,65,000	1,23,000
" " 5 " (debentures) ...	3,75,000	3,000
" " 4½ "	68,80,000	98,000
" " 4 "	17,20,000	14,000
	1,25,40,000	2,38,000

These Securities have been cancelled, and will not be re-issued: the premium has been written off under the Head of *Interest*.

The Debt of the Government of India is estimated to be on the 31st March 1877 as follows:— TOTAL DEBT OF INDIA.

(*Debt of India; combining Sterling and Rupees on the assumption that £1=Rs. 10.*)

Rate of Interest.	Capital amount outstanding, England. £	India. Rs.	Total. Rs.	A year's Interest thereon. Rs.
5½ ...	...	9,84,52,000	9,84,52,000	54,15,000
5 ...	17,200,000	1,05,84,000	18,25,84,000	91,28,000
4½ ...	...	15,44,96,000	15,44,96,000	69,52,000
4 ...	37,176,000	45,37,40,000	82,55,00,000	3,30,20,000
3½ ...	...	6,52,000	6,52,000	23,000
Nil ...	21,000	3,50,000	5,60,000	*Nil*
	54,397,000	71,82,74,000	1,26,22,44,000	5,45,38,000

Thus, the average yearly rate of interest upon the Registered Debt of India at the end of the current year is estimated to be 4⅓ per cent. The Capital of the Railway and Madras Irrigation Companies, interest upon which is guaranteed from Indian Revenues, is £96,946,907, the interest thereon being £4,716,100. The total Debt of British India, therefore, of all kinds is £151,343,907, and Rs. 71,82,74,000, and the interest thereon is £7,063,104, and Rs. 3,10,68,600: if a Rupee is worth 1*s.* 9½*d.*, the entire Debt of India is Rs. 2,40,76,94,357, or £215,689,286, and the interest thereon, Rs. 10,99,12,551, or £9,846,333. The average interest upon the whole Debt of India, including the Guaranteed Capital, is 4·56 per cent.

The proportion of the Rupee Debt held by Natives of India on the 30th of December is estimated, from the distribution of the actual payments of interest, to have been as follows:— PROPORTION HELD BY NATIVES OF INDIA.

1869	22,50	1873	25,29
1870	20,25	1874	25,23
1871	24,74	1875	24,34
1872	22,76	1876	25,87

The excess over the Grant under *Land Revenue* (Rs. 2,19,000) occurs chiefly in *Bombay*, and is nominal, being an increase in Village Allowances set off by increased Revenue under *I, Land Revenue*. LAND REVENUE.

The excess of Rs. 2,13,000 under *Excise* is for stores (probably hydrometers for Madras) from England. EXCISE.

The saving under *Salt*, Rs. 3,95,000, is in the item Petty Construction and Repairs in *Madras*. SALT.

Regular Estimates, 1876-77.

POST OFFICE.

Post Office.—The estimated Net Expenditure on this Service was Rs. 9,11,000; it is now only Rs 5,99,000, an improvement of Rs. 3,12,000. The following are recent figures of the Post Office :—

	Expenditure.	Revenue.	Net Expenditure.
	Rs.	Rs.	Rs.
1873-74	80,86,840	68,81,980	12,04,860
1874-75	80,75,960	73,94,000	6,81,960
1875-76	82,20,790	76,35,970	5,84,820
1876-77	86,37,000	80,38,000	5,99,000

It is to be borne in mind that the Post Office carries the correspondence of the State at a reduced rate. It is satisfactory to find that the loss from the reduction of the Overland Postage (from 8 annas to 6 annas *viâ* Brindisi, and from 6 annas to 5 annas *viâ* Southampton) has been almost made good already.

TELEGRAPHS.

13. Telegraphs.—The estimated Net Cost of this Service was Rs. 19,80,000; it is now only Rs. 15,97,000. The improvement of Rs. 3,83,000 occurs chiefly in India, and is due to increased traffic. The following are the figures for the past eight years :—

	Expenditure.	Revenue.	Net Expenditure.
	Rs.	Rs.	Rs.
1869-70	55,34,000	25,71,340	29,62,660
1870-71	50,54,310	24,70,100	25,84,210
1871-72	44,99,110	22,83,680	22,15,430
1872-73	48,29,750	24,98,020	23,31,730
1873-74	41,18,180	25,06,380	16 11,800
1874-75	43,20,300	28,64,790	14,55,510
1875-76	49,06,240	30,90,400	18,15,840
1876-77, Regular Estimates ...	49,18,000	33,21,000	15,97,000

The improvement since 1872-73 is satisfactory.

ADMINISTRATION.

14. Administration.—The increase of Rs. 6,52,000 is due, for the most part, to an insufficient provision having been made for tour and staff expenses in India; but partly to increased charges at Home.

LAW AND JUSTICE.

16. Law and Justice.—The saving (Rs. 1,75,000) is in the Provincial portion (*Jails and Registration*). The Imperial portion, which constitutes, as yet, the greater portion of this Grant, shows an increase of Rs. 6,16,000, the largest item in which is for the Convict Establishments on the Andaman and Nicobar Islands.

POLICE.

17. Police.—This grant is entirely under the control of the Local Governments, and the small excess (Rs. 1,56,000) does not require explanation from me. There is a corresponding excess receipt, amounting to Rs. 1,28,000.

EDUCATION.

19. Education.—This service, too, is entirely under the Local Governments. The net saving of Rs. 3,57,000 is generally distributed: it seems probable that some economies may have been effected in consequence of the warning given by His Excellency the Viceroy in July last, to which I shall have occasion hereafter to refer.

STATIONERY AND PRINTING.

22. Stationery and Printing.—This resuscitated Head shows an increase of Rs. 4,25,000, some portion of which occurs in the Central Press of the Government of India, the work of which is constantly increasing; but the greater portion is for Stores from England.

POLITICAL AGENCIES.

23. Political Agencies.—Of the excess of Rs. 18,39,000, the sum of Rs. 13,71,000 is for the ceremonies throughout the country attending the assumption by Her Majesty the Queen of the title of Empress of India. There are other items of increase which need not be explained.

COST OF CEREMONIES ON ASSUMPTION OF IMPERIAL TITLE.

The gross cost of the ceremonies throughout India on the 1st of January is Rs. 13,71,000 under this Head; Rs. 2,83,000 in the Public Works Department; and Rs. 3,00,000 under the Army: total Rs. 19,54,000: there was also an inconsiderable outlay in England, the particulars of which we do not yet know. Against the gross outlay is to be set the increased revenue from the Railways (estimated at, at least, net Rs. 9,00,000), and under Telegraphs and other Heads: upon the whole, it does not seem likely that the net cost exceeded Rs. 10,00,000. It will be understood that these charges are by no means on account of the Delhi Assemblage only, but include the gift of a day's pay to the Army, and the cost of the ceremonies at the Presidency towns and at

every large station throughout India: such charges as these had no connection with the Assemblage. The net cost of the Assemblage itself cannot at present be exactly ascertained; but, in an estimate sent last month to the Secretary of State, it was calculated at about Rs. 5,00,000, a sum which must be looked upon as extremely moderate. Regular Estimates, 1876-77.

24. Allowances, &c., under Treaties.—The decrease of Rs. 1,71,000 is owing to sundry lapses. ALLOWANCES, &c.

25. Furlough Allowances in England.—The increase of Rs. 1,76,000 is attributed to an increase in the number of Officers on furlough, and, to some small extent, to the privilege of drawing furlough pay at 2*s.* the Rupee, which has been granted, with retrospective effect, to those Military Officers who, before 1st July 1871, elected, under the option given to them, the Furlough Rules of 1868. The charges under this Head have been as follows:— FURLOUGH ALLOWANCES IN ENGLAND

	£
1873-74	260,556
1874-75	216,704
1875-76	229,199
1876-77, Regular Estimates	210,600

27. Loss by Exchange.—The present Exchange Estimates may be compared with the Original Estimates as follows:— LOSS BY EXCHANGE.

	Loss by Exchange.	Gain by Exchange.	Net Loss.
	Rs.	Rs.	Rs.
1872-73	76,51,090	30,14,360	46,36,733
1873-74	98,65,300	39,51,680	59,13,620
1874-75	89,78,780	39,53,350	50,25,430
1875-76	1,42,97,220	39,53,650	1,03,43,570
1876-77, Original Estimate	2,33,20,000	34,70,000	1,98,50,000
1876-77, Present Estimate	2,13,51,000	46,27,000	1,67,24,000

Thus, the whole improvement compared with the Estimates is Rs. 31,26,000, of which Rs. 11,57,000 has been already explained as due to improved Guaranteed Railway Receipts. Almost the whole charge entered under *27, Loss by Exchange,* is incurred upon the Bills upon the Government of India, by which the Secretary of State supplies the Home Treasury with funds. The Estimate was that the sum thus raised in London would be £13,660,000, and that, to produce this amount, Bills would be sold for Rs. 15,99,20,000, being at the rate of Re. 1=1*s.* 8½*d.* It is now estimated that we shall pay Bills for Rs. 14,53,96,000, which will yield to the Home Treasury £12,418,000, the rate realised being still estimated at Re. 1=1*s.* 8½*d.* The cost now estimated of the £12,418,000 thus supplied to the Home Treasury is only Rs. 16,310 more than it would have been at the precise rate originally estimated: that the Original and Revised Estimates should thus precisely correspond, is only a curious coincidence; for no one could, in March last, have foretold what the average rate of exchange during the year would be, and the Government of India had certainly little confidence in its own Estimate. The gross saving of Rs. 19,69,000 under this Head is wholly due to our having paid for £1,242,000 less than we expected; and this, again, is due to the Secretary of State having borrowed more than was, at first, proposed: the reason for this excess borrowing was chiefly the state of the exchanges between England and India during the early part of the year.

This brings me to speak of the fall in the price of silver, which began to alarm the Government of India and all those interested in the prosperity of the country long before the last Financial Statement was made, and which, during the year, assumed formidable proportions. It is impossible for me, in making this Statement, to avoid reference to a subject so intimately affecting the interests of India: at the same time, I desire, on this occasion, to treat the matter historically only, and not to express any opinion of my own upon the causes of the divergence of the value of the two metals, or upon the remedies, if any, which ought to be adopted. FALL IN THE PRICE OF SILVER.

The fall in the value of silver dates from November 1872. For 22 years before that date, the price in London of an ounce Troy of standard silver had never been below 60*d.*, and for 18 years more, it had never been below 59*d.* In the calendar year 1873, the average price was 59·22*d.*, the lowest price (*13th November*) being 57$\frac{1}{16}$*d.* In 1874, the average price was

Regular Estimates, 1876-77.

58·37*d.*, the lowest price (*31st December*) being 57¼*d.* In 1875, the average price was only 56·76*d.*, the lowest quotation being (*on the 3rd June*) 55½*d.* In 1876, the average price fell to 53·08*d.*, the lowest quotation being (*8th July*) 47*d.*; sales were reported even as low as 46*d.*: the recovery from this depression was rapid; the highest point since attained being (*18th January 1877*) 58⅝*d.*, the highest price quoted since 23rd July 1874: there has since been, again, a downward re-action, the latest quotation being 55*d.*

MEMORIAL FROM THE BENGAL CHAMBER OF COMMERCE

On the 17th July 1876 the Secretary to the Bengal Chamber of Commerce transmitted, for the consideration of the Governor General in Council, the following two Resolutions adopted at a Special General Meeting of the Chamber held on Saturday, the 15th July:—

RESOLUTIONS.

1st.—"That the continued depreciation in the value of silver is a question most seriously affecting the political and financial interests of the Country; and that, in view to its very great importance, the Committee be requested to address the Government in order to obtain such information as they may be able to give, in regard to the policy which they propose to pursue under the circumstances.

2nd.—"That the Chamber approves of the suggestion of the Committee that it is expedient, in view of any ultimate measures that the Government may adopt, that Clause 19 of Act XXIII of 1870, making it obligatory on the Mints in India to receive all silver tendered for coinage, and also section 11, clause (b) of Act III of 1871, making it obligatory on the Currency Department to issue Notes against silver bullion sent in, be temporarily suspended, at the discretion of Government; and that, during such suspension, or till further notice, it be not lawful to import coined rupees from any foreign port."

On the 22nd July, the Secretary to the same Chamber forwarded, for the consideration of the Government, a copy of the Proceedings of the Chamber.

In this letter, the Committee of the Chamber, while recognising the difficulty of the position of the Government of India, remarked that the uncertainty which had hitherto shrouded the action of Government had been attended with serious consequences to merchants and bankers, and would continue to embarrass their transactions so long as they were kept in ignorance of the course of action the Government proposed to take. The Committee, therefore, expressed a hope that His Excellency the Viceroy would, in the interests of commerce and of the country generally, accede to the prayer of the first Resolution of the meeting, and make public the intentions of the Government.

As to the second Resolution, the Committee pointed out that its object was not to prohibit coinage altogether; for that would be likely to bring about a collapse of credit; but to place all coinage in the hands of the Government to be exercised at its discretion. It appeared to the Committee suicidal for the Secretary of State to allow the competition of bar silver with the rupees which he has to offer to those requiring money in India, and that to suspend the free conversion of silver bullion into legal-tender coin was not only a wise and reasonable; but a necessary precaution for the Government of India to take, for the preservation of its own currency, and to support the credit of its own loans, as well as to prevent the country from being swamped by silver sent in by foreign nations.

The Committee argued that the fact that the Government of India was compelled to put their Mint Stamp to all silver sent to India had given an artificial and fictitious value to silver, which would cease as soon as the law was suspended. Bar silver would then, gradually, fall to its own intrinsic value; and the extent to which it was depreciated would be soon gauged; whereas, as things were, it was impossible to say how much its value was appreciated by our 'open coinage system.'

When all Europe was closing its doors against the import of silver with the avowed object of having as little of the metal as possible, should the depreciation be found permanent, it seemed most impolitic, the Committee thought, to keep ours wide open for the reception of an unlimited quantity, costing the country, through our coinage laws, far more than its real intrinsic value. The Committee could see no valid reason against the immediate adoption by the Government of the second Resolution of the Meeting, and considered that the objections brought against it were based either on a misconception of its real scope, or on abstract principles ignored by other States; whereas the position of affairs was altogether exceptional, and ordinary rules did not apply. The Committee represented that the measures recommended in the Resolution were not more

stringent than, in fact, scarcely so stringent as, those which the first financiers in Europe had found it necessary to adopt.

Regular Estimates. 1876-77.

Lastly, the Committee pointed out that there was a third proposition put before the Meeting, recommending the adoption of a gold standard, which, in deference to the feeling apparent among members present, was temporarily withdrawn; and they referred the Government to the debate at the Meeting upon this proposal.

WARNING BY THE GOVERNMENT OF INDIA.

On the 31st July the Government of India published a Resolution inviting attention to the immediately probable financial consequences of the fall in the gold-price of silver, and insisting upon the necessity for the utmost economy of the public resources.

MEMORIAL OF THE CALCUTTA TRADES' ASSOCIATION.

On the 1st August the Secretary to the Calcutta Trades' Association forwarded a Memorial from the Master, Wardens, and Committee of the Association to His Excellency the Viceroy and Governor General of India in Council.

In this document the Memorialists represented that they had, for many months past, been suffering great loss from the low rate of exchange which bid fair to paralyse trade. The Memorialists joined earnestly with the Bengal Chamber of Commerce in urging on the Government the importance of declaring the policy it intended to pursue for the remedy of this evil, and prayed that the policy of a temporary suspension of the compulsory coinage of silver might receive the early consideration of Government.

The Memorialists further expressed great satisfaction at the desire manifested by the Government to encourage local manufactures, and suggested a relaxation of the rules against the purchase of imported stores for the Government in India.

RESOLUTION OF THE GOVERNMENT OF INDIA, 22ND SEPTEMBER 1876.

On the 22nd September 1876, after considering the "Report by the Select Committee of the House of Commons on the depreciation of silver, with the Proceedings of the Committee, ordered by the House of Commons to be printed on the 5th July 1876," the Government of India published a Resolution (No. 3044) upon the suggestions of the Bengal Chamber of Commerce and the Calcutta Trades' Association. The following is a summary of its arguments and conclusions.

1. The recent change in the value of silver measured in gold may be due to changes in the value of one metal or the other, or of both: before a fit remedy can be applied, it is essential to ascertain what exactly has happened, whether gold has risen or silver fallen, and how much the value of each metal has changed. It cannot be assumed, without decisive proof, that the divergence of the two metals is due wholly, or even chiefly, to the fall in the value of silver.

2. The prices of commodities and of the precious metals, in London and in India, witness to a considerable rise in the value of gold since March 1873, and especially since December 1875, and do not show any fall in the value of silver measured in commodities other than gold: using these prices with all reserve, it must still be said that they afford evidence of this fact at least that a rise in the value of gold is one of the causes which has disturbed the equilibrium of the two metals.

3. The divergence of the values of the two metals seems due to three principal causes, of which the first appears to be the most efficient:

(1).—The substitution of gold as the standard of value, in Germany, the Netherlands, and the Scandinavian Kingdoms, for silver; and, in the countries of the Latin Convention, for their customary alternative or compensatory standard of silver and gold.

(2).—The increased production of silver in the United States of America.

(3).—The decreased demand for silver in India.

4. The value of gold and silver, like that of any other commodities, depends, on the one hand, upon the supply, on the other, upon the demand for them; and this again depends upon the uses made of them: the long-continued equilibrium between the value of gold and that of silver is due to the two metals having shared, without material change of conditions, the only great field for the employment of either of them, *i. e.*, the supply of legal-tender metallic money: this equilibrium has been disturbed by the rapid supersession of silver by gold in Europe and America as the standard of value, and there-

Regular Estimates 1876-77

fore as the material of legal-tender metallic money: this supersession is calculated, *a priori*, to raise the value of gold no less than to lower the value of silver.

5. Excessive importance is not, *per se*, attached to the increased production of silver in the United States of America.

6. When India is in a normal condition, *i. e.*, when there is no abnormal demand for any of her staples, and she is not borrowing large sums from abroad, the amount of treasure required to settle her accounts with the world is not considerable; and a substantial proportion of the treasure received has always been gold: the large imports of treasure into India since 1850 are due to abnormal circumstances, as follows:

(1).—The Crimean War transferred to India large demands for produce theretofore obtained from Russia.

(2).—The American Civil War exaggerated temporarily the value of Indian cotton.

(3).—Great sums of money have been borrowed for—

(*a*) the suppression of the mutiny;

(*b*) the construction of railroads (Guaranteed and State) and canals;

(*c*) the Bengal famine.

It would be altogether misleading to treat the great imports of treasure in the last 25 years as normal, or to expect that they will, or can, continue: there is, therefore, no reason to expect that silver will be poured into India, although, of course, if it falls in value, a greater weight of it must come to represent the same value.

7. To suspend the free coinage of legal-tender metallic money, as advocated by the Bengal Chamber of Commerce, would give a monopoly value to the existing stock of rupees, and so reduce prices; whereas prices are not yet risen.

8. The value of no substance can serve as a standard-measure of value unless its use as the material of legal-tender currency is freely admitted: if, therefore, the free coinage of silver on fixed conditions were disallowed in India, silver would no longer be the standard of value of India, but another standard would be substituted, *viz.*, the monopoly value of the existing stock of rupees, tempered by any additions made to it by the Government, or illicitly: if no such additions were made, the value of the rupee would gradually, but surely, rise, owing to the supply being cut off.

9. The stamp of a properly regulated mint, such as the Indian Mints, adds nothing, except the cost of manufacture and seignorage, to the value of the metal on which it is impressed; but only certifies to its weight and purity.

10. A sound system of currency must be automatic or self-regulating: no civilised Government can undertake to determine from time to time by how much the legal tender currency should be increased or decreased; nor would it be justified in leaving the community without a fixed metallic standard of value even for a short time: it is a mistake to suppose that any European nation has rejected silver as a standard of value without substituting gold.

11. For all these reasons, the Government of India rejected as inadmissible the proposal that the Mints should be closed to the free coinage of silver for the public on fixed conditions, unless they were, at the same time, opened to the free coinage of gold as legal-tender money on fixed conditions.

12. The Government of India further concluded that there was nothing, as yet, demanding recourse to a measure so costly, and of which all the conditions were so uncertain, as the adoption of a gold standard.

Thus, the conclusions stated in the Resolution were:

1stly.—That the divergence of the values of gold and silver is not necessarily attributed only to a diminution in the value of silver; that there are strong reasons for believing that gold may have increased, as well as that silver has decreased, in value; and that this consideration must have an important bearing on the action of Government in reference to the present disorder.

2ndly.—That although it is most desirable, in the interests of trade, that the standard of value in India should be the same as the standard of value in the chief countries with which India inter-

changes commodities, yet trade will not be permanently injured by a fall in the value of the rupee measured in gold, provided only that a fresh stable equilibrium of the precious metals be attained. Regular Estimates, 1876-77.

3rdly.—That, up to the present moment, there is no sufficient ground for interfering with the standard of value.

This Resolution of the Government of India was issued some time before I took charge of my present office, and I do not now wish to offer any comments on its conclusions.

The only other representations received upon the subject by the Government of India have been complaints by various European officers in its service of the loss which they are suffering from the fall of the sterling-value of the rupee, and prayers for assistance from the State: some of these memorials are still under consideration: the Government feels much sympathy with its officers; but I cannot at present say whether it will be possible to help them. MEMORIALS FROM GOVERNMENT OFFICERS.

I am afraid that we cannot, by any means, conclude that the partial recovery of the value of silver which we have lately witnessed is permanent, and that our exchange with countries whose standard is gold will not be again, seriously, and perhaps frequently, disturbed. I can only say that the Government of India is devoting, and will continue to devote, anxious attention to the subject.

The representation of the Trades' Association in regard to stores is still receiving attention: it is the present policy of the Government of India and the Secretary of State to allow much greater freedom of resort to the local markets than heretofore. PURCHASE OF STORES IN INDIA.

I may mention, here, that the amount of Government Promissory Notes enfaced for the payment of Interest in London by drafts upon India decreased, during the year, from Rs. 14,20,23,120 to Rs. 12,94,59,526, or by Rs. 1,25,63,594, and that the price of our Four per cent. Rupee securities fell, at one time, in India (13th January) to Rs. 96¼, and in London (16th July) to Rs. 77. Our Four per cent. Rupee securities had not been at a discount in India since March 1873, and had not fallen below 90 in London since May 1868; they are now again quoted there at 88½: our Sterling bonds did not share the depression of the Rupee paper in London, which was doubtless due entirely to the fall in the price of silver. In India, our Rupee paper did not fall to a discount till the 3rd October, and the fall since then may doubtless be partly attributed to the apprehension that the Government may have large demands to make upon the money-market on account of the Famine, and to the scarcity of money in India. PROMISSORY NOTES ENFACED FOR PAYMENT OF INTEREST IN LONDON BY DRAFTS UPON INDIA. PRICE OF GOVERNMENT SECURITIES.

28. Miscellaneous.—The excess of Rs. 4,15,000 is accounted for by some charges connected with the visit to India of His Royal Highness the Prince of Wales having escaped record in the Accounts of 1875-76, and by the refund of £5,000 fines levied upon contractors in England and credited under the corresponding Head of Revenue. MISCELLANEOUS.

The item of Rs. 1,91,10,000 for *Famine Relief* requires no further explanation. FAMINE RELIEF.

The Army.—The following are the accounts of the Army in recent years compared with the Original and Revised Estimates of the current year— THE ARMY.

	Established Strength of the Army.		Expenditure.	Revenues and Contributions from Native States.	Net Expenditure.	Loss by Exchange on sterling expenditure.	Cost of Military Buildings.	Cost of Military Secretariats.	True Net Expenditure.
	Europeans.	Natives of India.							
	No.	No.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1869-70 ...	69,262	122,442	16,32,97,890	1,21,30,730	15,11,66,660	10,94,924	1,84,94,790	5,29,720	17,12,86,094
1870-71 ...	67,156	122,122	16,07,47,990	1,05,01,630	15,02,46,360	21,69,446	1,25,13,140	5,04,120	16,54,33,066
1871-72 ...	67,062	121,981	15,67,81,120	1,02,67,930	14,65,13,190	14,83,865	1,20,33,150	4,80,800	16,05,11,005
1872-73 ...	66,965	121,959	15,50,36,120	98,04,520	14,52,31,600	18,19,661	1,16,65,580	4,52,480	15,91,69,321
1873-74 ...	66,794	123,470	15,22,82,740	1,10,34,530	14,12,48,210	24,61,630	1,12,29,600	4,61,730	15,54,01,170
1874-75 ...	66,701	123,474	15,37,51,920	1,07,47,740	14,30,04,180	28,75,339	1,18,59,260	4,88,420	15,92,27,199
1875-76 ...	66,608	123,479	15,30,84,590	1,12,46,240	14,18,38,350	37,81,659	1,33,77,380	4,53,160	15,94,50,549
1876-77* ... } 1876-77† ... }	66,624	123,484	{ 15,97,90,000 / 16,20,77,000	93,73,010 / 97,09,010	15,04,16,990 / 15,23,67,990	70,35,435 / 72,00,897	1,22,84,000 / 1,24,68,340	4,71,070 / 4,60,270	17,02,07,495 / 17,24,97,497
1877-78* ...	66,543	123,605	16,23,86,000	95,13,010	15,28,72,990	56,83,314	1,23,19,850	4,64,270	17,10,40,324

ITS WHOLE COST.

The Revised Estimates of the net expenditure upon the Army, as recorded in the Accounts, exceed the Original Estimates by Rs. 19,51,000, and the actual COMPARED WITH ESTIMATES.

* Orig. Est. | † Rev. Est.

Regular Estimates, 1876-77.

net expenditure of 1875-76 by no less than Rs. 1,05,29,640: if we use the true rate of exchange for converting the Home Expenditure into Rupees, this excess over 1875-76 rises to Rs. 1,39,48,878: if all the items entered in the preceding Statement are counted, the excess is Rs. 1,30,46,948.

FINANCIAL IMPORTANCE

It appears from this Statement, which does not quite exhaust the public expenditure upon the *Army*, that even its net cost in 1876-77, Rs. 17,24,97,497, exceeds one-third of the entire gross expenditure of British India, excepting the charge for Famine relief: the importance of our Military Finance is therefore pre-eminent; and I think it necessary to examine carefully the causes of the alarming growth of the cost of the Army.

ACCIDENTAL CAUSES OF APPARENT EXCESS.

The Army Receipts in 1875-76 were accidentally swollen by about Rs. 15,00,000, so that the increase to be explained upon the accounts of the Army, as recorded, is really the increase of gross expenditure (Rs. 89,92,410). Of this amount, again, it will be found that £300,000 is nominal, being due to the accidental transfer of payments at Home, amounting to £150,000, from 1875-76 to 1876-77.

COMPARISON OF REGULAR ESTIMATES WITH ACCOUNTS, 1876-76.

I proceed then to compare the Revised Estimates of expenditure for 1876-77 with the Accounts of 1875-76, in order to ascertain how the residue of that increase, *viz.*, £764,505 in England and Rs. 13,47,360 in India, has arisen. The following table brings out clearly the causes to which this increase is due:—

	Effective				Non-Effective.			Grand Total, taking £1 = Rs 10.
	England.		India	Total, taking £1=Rs 10.	England.	India.	Total, taking £1 = Rs. 10.	
	Stores.	Other items.						
	£	£	Rs.	Rs.	£	Rs	Rs.	Rs
1869-70 ...	878,491	1,486,207	12 19,32,870	14,50,79,850	1,190,403	63,54,630	1,82,58,660	16,33,38,510
1870-71 ...	929,782	1,461,809	11,91,43,760	14,30,59,670	1,140,556	63,49,270	1,77,54,830	16,08,14,500
1871-72 ..	936,730	1,331,853	11,40,84,790	13,67,70,620	1,373,431	62,76,190	2,00,10,500	15,67,81,120
1872-73	811,736	1,432,806	11,34,64,880	13,59,10,300	1,279,743	63,28,390	1,91,25,820	15,50,36,120
1873-74	852,635	1,248,208	11,24,38,690	13,34,47,120	1.254,645	62,90,720	1,88,37,170	15,22,84,290
1874-75 ...	1,124,644	1,056,314	11,08,12,280	13,26,21,860	1,436,820	67,61,530	2,11,29,730	15,37,51,590
1875-76 ..	1,096,947	1,027,986	11,06,15,180	13,18,64,510	1,458,262	66,87,460	2,12,20,080	15,30,84,590
1876-77, Estimate	1,096,100	1,335,600	11,20,89,000	13,64,06,000	1,916,000	65,11,000	2,56,71,000	16,20,77,000
1877-78 ...	990,000	1,215,100	11,41,29,000	13,62,40,890	1,957,500	65,70,110	2,61,45,110	16,23,86,000

It will be observed that the excess in 1876-77 over 1875-76 is about equally divided between the Effective and Non-effective branches as follows:—

	Rs.
Increase in Effective	45,41,490
„ in Non-effective	44,50,920
	89,92,410

EFFECTIVE AT HOME

The Effective increase is divided between India and England thus:—

England	£306,767
India	Rs. 14,73,820

HOME CHARGES OF REGIMENTS

The *Home* increase is mainly in the *Home charges of Her Majesty's Regiments serving in India*, including *Furlough Allowances of Officers of the British Service*. The charges under these two Heads have been as follows:—

	£		£
1869-70 ...	725,233	1874-75	509,407
1870-71 ..	658,710	1875-76 ...	453,812
1871-72	590,805	1876-77, Regular Estimates...	750,000
1872-73	659,774	1877-78, Original Estimates...	700,000
1873-74	567,012		

Of the increase in 1876-77, £180,000 is attributed to the accidental transfer of certain payments, amounting to £90,000, from 1875-76 to 1876-77, but for which transfer the figures would have been—

1875-76	£547,958	1876-77 .	£660,000

Still even this residue of increase which continues in 1877-78 is formidable: it is the result of much negotiation with the War Office at Home, and does not seem susceptible of definite explanation in India.

An increase of £7,655 in the *Furlough Allowances of Indian Officers* is doubtless due to the concession of the privilege of drawing Furlough Pay at 2*s.* the rupee, with retrospective effect, to Officers who elected the Furlough Rules of 1868 before the 1st July 1871.

Regular Estimates. 1876-77.

FURLOUGH ALLOWANCES.

The net cost of the passages of officers and troops and of the Overland Troop Transport Services has been as follows:—

PASSAGE AND TRANSPORT.

	At Home.	Altogether at Home and in India, counting £1 = 10 Rupees.
	£	Rs.
1869-70	278,182	42,76,430
1870-71	311,652	82,56,750
1871-72	271,373	38,42,010
1872-73	329,395	44,22,090
1873-74	381,506	46,11,760
1874-75	292,859	47,04,140
1875-76	266,734	33,44,700
1876-77 } Estimates	316,600	35,61,000
1877-78 } Estimates . ..	241,100	28,74,500

This charge has of late years been somewhat diminishing, but the cost of the transports is still great.

STORES.

The recent charges for stores, the yearly cost of which has been stated already, have been very heavy: this is owing to the supply of Snider Rifles to the Native Army, of new rifled guns to the Artillery, and of Martini-Henry Rifles to the European troops.

EFFECTIVE IN INDIA.

Of the Effective charges in India the following items show, on the whole, till lately, no important increase of cost; *Army and Garrison Staff, Regimental Pay and Allowances, Ordnance Establishments, Stores and Camp Equipage, Ecclesiastical, Education and Volunteer Corps.*

The total expenditure for these items is as follows:—

	Rs.		Rs.
1869-70	7,79,97,350	1874-75	7,62,55,820
1870-71	7,58,73,910	1875-76	7,65,58,510
1871-72	7,63,10,110	1876-77 } Estimates ...	7,69,86,000
1872-73	7,58,66,690	1877-78 } Estimates ...	7,85,99,400
1873-74	7,57,65,150		

REGIMENTAL PAY AND ALLOWANCES.

The growth in 1876-77, and still more in the coming year, is in the item *Regimental Pay and Allowances*, and is due to increased allowances to Native Troops (estimated in all at Rs. 14,22,840 a year) and to Non-Commissioned Officers of British Troops (estimated to cost Rs. 4,00,000 a year): only a small part of these new burdens falls on 1876-77.

SERVICES WHICH SHOW NO INCREASE

The *Administrative Staff, Commissariat, Clothing* and *Medical Establishments and Services* also show rather a saving than an increase:—

	Rs.		Rs.
1869-70	3,19,24,510	1874-75	2,71,28,750
1870-71 . .	2,91,67,380	1875-76	2,64,75,270
1871-72 ...	2,66,86,370	1876-77 } Estimates ...	2,66,56,000
1872-73	2,75,12,120	1877-78 } Estimates ...	2,81,56,310
1873-74	2,79,07,690		

COMMISSARIAT SUPPLIES.

The increase in 1876-77 and 1877-78 is chiefly in Commissariat supplies due to the Famine, which is estimated to add, in the two years, Rs. 18,00,000 to the cost of the Army, and to the purchase of malt liquor in India instead of in England, to the relief of the account there. Contracts have been made for 18,714 hogsheads of beer brewed at Murree, Kussowlie and other stations; and it is estimated that, in 1877-78, Rs. 3,62,220 will be thus transferred from the Home Accounts to India. Improved pay to British Medical Officers is calculated to cost Rs. 2,24,000 a year.

SERVICES WHICH SHOW DIMINUTION

The remaining Heads are *Remounts and Cattle, Barrack Establishments, Martial Law, Sea Transports and Miscellaneous Services*, and they show a nominal diminution as follows:—

	Rs.		Rs.
1869-70	1,20,11,010	1874-75	74,27,710
1870-71	1,41,02,470	1875-76 ...	75,81,400
1871-72	1,10,88,310	1876-77 } Estimates ...	84,47,000
1872-73	1,00,86 070	1877-78 } Estimates ...	73,74,180
1873-74	87,65,850		

Regular Estimates, 1876-77.

The decrease, as compared with earlier years, is, to a great extent, nominal, owing to the establishment of the Troop Transports, the cost of which is recorded in the Home Accounts, and to the transfer of Barrack Establishments to the Public Works Department. The excess in 1876-77 is in the item *Miscellaneous Services*, and is due to a charge of Rs. 10,00,000 awarded under revised instructions from the Secretary of State as compensation for loss of sums paid, up to the 1st February 1861, for the purchase of promotion; to the charges throughout India connected with the assumption of the Imperial Title (Rs. 3,00,000); and to compensation for dearness of provisions in Madras and Bombay (Rs. 4,00,000) included in the sum of Rs. 18,00,000 already stated.

Thus, of the increased Effective charges, £180,000 is due to accidental transfers of payments, amounting to £90,000, from 1875-76 to 1876-77, and the remaining Rs. 27,41,480 appear to be essentially due to the increased charges at Home for Her Majesty's Troops serving in India, and to the improved pay and allowances granted to the Native Troops and to British Non-Commissioned and Medical Officers.

NON-EFFECTIVE CHARGES.

I will now examine the increases in the *Non-effective* charges, which increases all occur at Home.

The first item is *Payments to the Imperial Government on account of the Retired Pay, &c., of Troops serving or having served in India*, the charges for which have been as follows:—

		£			£
1869-70	...	217,000	1874-75	... ...	318,388
1870-71	... ..	239,562	1875-76	. ..	350,000
1871-72	... ..	479,974	1876-77 Estimates	...	605,500
1872-73	... ...	371,635	1877-78 Estimates	...	598,500
1873-74	... ...	288,300			

RETIRED PAY OF H. M.'S TROOPS.

This item shows an increase in 1876-77 of £255,500, of which £120,000 is attributed to the postponement of payments, amounting to £60,000, from 1876-77 to 1877-78. But for this postponement, the figures would have been—

1875-76	£410,000	1876-77 Estimate ...	£545,500

the increase being £135,000. Like the *Home Charges of Her Majesty's Regiments serving in India*, these charges are the result of long negotiations with the War Office, and are beyond the control of the Government of India. The item *Deferred pay to discharged or deceased soldiers for service in India subsequent to 1st April 1876*, which is entered at £2,000 in 1876-77 and £40,000 in 1877-78, is expected to rise to £200,000 a year.

The next item appears for the first time in 1876-77, *viz.*, *Payments to the Imperial Government on account of the capitalised value, from 1st April 1874, of the proportion chargeable to Indian Revenue of the pensions granted between 18th February 1861 and 31st March 1870 to soldiers transferred from the Indian Local Army to the British Army.* This charge, which we do not expect to recur, is estimated to be in—

1876-77	£100,000	1877-78	£130,000

RETIRED PAY OF INDIAN OFFICERS.

The third item is *Retired Pay of Officers of the Indian Service, including Colonels' Allowances and including also the capitalised value of pensions granted to Indian Officers on retirement, representing the estimated value of the proportionate claim to the Colonels' Allowances.* The charges for this item, which accounts for £119,086 of the increase, are as follows:—

		£			£
1869-70	.. ...	759,867	1874-75	... ...	982,209
1870-71	... ...	754,347	1875-76	... ...	982,114
1871-72	... ...	750,575	1876-77, Estimates	...	1,101,200
1872-73	... ...	765,004	1877-78 Do.	...	1,120,000
1873-74	... ...	816,598			

of which the capitalised payments, which are calculated to prevent a still larger increase hereafter, are:—

		£			£
1874-75	... ...	147,040	1876-77 Estimates	.	111,200
1875-76	... ...	75,775	1877-78 Estimates	.	100,000

The pensions from Lord Clive's Fund are diminishing, thus:— Regular Estimates, 1876-77.

	£		£
1869-70	204,384	1874-75	133,462
1870-71	131,478	1875-76	121,908
1871-72	131,535	1876-77 } Estimates ...	108,500
1872-73	132,730	1877-78 }	108,000
1873-74	133,167		

LORD CLIVE'S FUND.

Thus it appears that, of the whole increase of £457,738 in the Home non-effective charges, £120,000 is due to an accidental transfer of payments from 1875-76 to 1876-77, £119,086 to the growing charge for *Retired Pay of Indian Officers, including Colonel's Allowances*, and £218,652 to increased demands by the Imperial Government for the retired pay and deferred pay of the troops serving or having served in India.

In concluding this Review of the Army Expenditure I have only to add that the Government of India must certainly endeavour to find the means of meeting the increased military charges, some of which are apparently inevitable, by economies in other Departments of the Military Service: their endeavours must be largely dependent for success upon the support of Her Majesty's Government. I do not assert that the whole of the additional expenditure on the Army has not been incurred for excellent objects, or that it could have been avoided; but that the Indian Revenues are liable to have great charges thrown upon them without the Government of India being consulted, and almost without any power of remonstrance, is a fact the gravity of which can hardly be exaggerated.

Guaranteed interest less net traffic receipts shows the gratifying improvement of Rs. 84,07,000. GUARANTEED INTEREST LESS NET TRAFFIC RECEIPTS.

The following Statement exhibits the whole effects recorded in the Public Accounts and Estimates upon our Revenues, of the transactions with the Companies upon whose capital interest is guaranteed from Indian Revenues.

Transactions as recorded in the Finance Accounts, upon the hypothesis that £1 = Rs. 10.

TOTAL NET COST OF GUARANTEED UNDERTAKINGS ACCORDING TO THE ACCOUNTS.

	1869-70.	1870-71.	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77, Original Estimates.	1876-77, Regular Estimates.	1877-78, Original Estimates.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Guaranteed Interest, less Net Traffic Receipts ...	1,54,70,640	1,63,48,110	1,72,82,180	2,11,95,010	1,43,73,620	1,24,45,620	97,53,100	1,26,00,000	41,93,000	1,00,00,000
Land and Supervision ...	9,13,900	8,29,580	6,61,630	16,10,560	15,24,380	5,53,940	8,33,130	9,30,000	9,12,000	7,80,000
Interest on Revenue Balances	2,78,514	2,37,392	2,57,241	2,31,363	2,69,337	2,56,431	3,49,700	3,08,000	3,20,000	9,000
Total Expenditure ...	1,66,63,084	1,94,15,032	1,81,51,051	2,29,46,933	1,61,67,237	1,33,55,991	1,09,35,930	1,38,38,000	54,25,000	1,07,89,000
Deduct Net Gain by Exchange	4,02,170	13,18,670	20,96,760	28,66,450	33,34,890	36,14,520	35,71,610	32,11,130	42,43,000	35,00,000
Net Cost of undertakings to the Indian Revenues as recorded in the Finance and Revenue Accounts ...	1,62,60,914	1,80,96,362	1,60,54,291	2,00,80,483	1,28,32,347	97,41,471	75,64,320	1,05,96,870	11,82,000	72,89,000

According to this Statement, the improvement in 1876-77, compared with the Original Estimates, is, altogether, no less than Rs. 94,14,870, and the net cost of the undertakings in 1876-77, only Rs. 11,82,000: but this Statement does not exhibit the true effect upon Indian Revenues of the transactions with these Companies: the system by which we combine the sterling transactions of the Home Treasury with the rupee transactions of the Indian Treaties upon the hypothesis that Rs. 10 = £1, and call the totals pounds sterling or rupees, has many inconveniences; and especially obscures the truth as regards the important transactions with which I am now dealing.

In the following table I have collected the facts of the last seven years, and the estimated facts of the present and coming years, as regards these STATISTICS OF THESE UNDERTAKINGS.

Regular Estimates, 1876-77.

undertakings, from which the results to the Indian Exchequer have to be ascertained: these facts are, in themselves, well worthy of a place in this review.

Transactions of the Companies upon whose Capital interest is guaranteed from Indian Revenues.

		1869-70.	1870-71	1871-72	1872-73	1873-74.	1874-75.	1875-76	1876-77, Original Estimates.	1876-77, Regular Estimates	1877-78, Original Estimates.
Traffic Earnings	Rs	7,06,79,120	7,21,60,580	7,30,57,940	7,51,00,761	8,32,02,792	8,93,11,870	8,90,63,756	8,55,75,000	10,31,73,000	9,27,94,000
Working Expenses	Rs	4,12,04,040	4,35,61,240	4,11,74,569	4,64,57,492	4,7 ,78,350	4,74,87,392	4,70,34,569	4,59,55,000	5,35,43,000	4,84,51,000
Percentage of Working Expenses on Earnings	Rs.	58 279	60 342	56 359	61 860	58 582	53 170	52 456	53 701	51 896	52·213
Net Traffic Receipts	Rs	2,94,75,280	2,86,29,350	3,18,82,771	2 86,43,269	3,61,24,442	4 18,24,478	4,26,29,187	3,96,20,000	4,96,30,000	4,43,43,000
Surplus paid to Companies	Rs	8,19,050	7,09 600	5,95,910	8,53,950	9,15,010	42,75,610	22,72,510	19,50,000	29,94,000	40,00,000
Net Traffic Receipts applicable to relief of Indian Revenues	Rs	2,85,62,,[illegible]0	2,79,19,750	3,12,86,831	2,77,89,319	3,52,09,432	3,75,48,868	4,03,56,677	3,76,70,000	4,66,36,000	4,03,43,000
Gross Guaranteed Interest paid in sterling at Home	£	4,138,170	4,95[illegible],719	4,546,236	4,619,249	4,631,531	4,659,755	4,656,886	4,700,000	4,686,000	4,692,000
Do do. do paid in Rupees in India	Rs.	4,12,968	4,22,775	4,94,749	4,21,153	3,91,911	3,67,992	3,34,135	3,28,000	2,41,000	2,61,000
Equivalent of total Guaranteed Interest in Rupees, at Contract Rates	Rs	4,54,11,988	4,70,98,609	4,98,34,966	5,41,29,670	5,06,18,842	5,08,96,887	5,08,13,729	4,73,00,000	4,70,83,000	4,71,61,000
Equivalent of total guaranteed interest in Rupees sterling payments being converted at yearly average rates obtained for Secy of State's Bills	Rs	4,30,94,883	4,66,37,388	4,78,37,577	4,90,13,122	5,01,53,910	5,06,95,142	5,19,69,307	5,53,51,718	5,49,48,120	5,33,09,326
Net Capital paid in by Companies in India	Rs			.	8,32,330	11,76,020	21,54,820	21,25,840	8,00,000	39,07,000	16,23,000
Net Capital withdrawn by Companies in India	Rs	2,03,32,272	1,51,06,000	1,14,86,180	..		. .	...		...	..
The foregoing net Capital converted into pounds at Contract Rates	£	2,434,128	1,407,359	1,097,811	27,780	75,369	137,307	176,091	50,416	339,092	128,458
The foregoing re-converted into Rupees at yearly average rates of Secretary of State's Bills	Rs	2,51,06,598	1,49,43,532	1,14,32,204	2,92,020	8,09,452	14,82,968	19,62,462	5,90,229	39,58,759	14,52,362

TRUE NET COST OF THESE UNDERTAKINGS

From the foregoing table we can deduce the true cost of these undertakings to our Revenues as follows:—

True Cost to the Indian Revenues of the undertakings upon the Capital invested in which Interest is guaranteed.

	1869-70.	1870-71.	1871-72	1872-73.	1873-74	1874-75	1875-76.	1876-77, Estimates	1876-77, Regular Estimates	1877-78, Estimates.
	Rs	Rs	Rs	Rs.	Rs.	Rs.	Rs	Rs.	Rs.	Rs
GUARANTEED INTEREST AT THE AVERAGE RATES OBTAINED FOR SECRETARY OF STATE'S BILLS . .	4,30,94,883	4,66,37,388	4,78,37,577	4,90,13,122	5,01,53 910	5,06,95,142	5,19,69,307	5,53,51,718	5,49,48,120	5,33,09,326
LAND AND SUPERVISION ...	9,13,900	8,29,540	6,61,630	16,10,560	15,24,380	5,53,940	8,33,130	9,80,000	9,12,000	7,80,000
INTEREST ON REVENUE BALANCES . ..	2,78,544	2,37,392	2,57,241	2,31,363	2,69,337	3,56,431	3,49,700	3,08,000	3,20,000	9,000
LOSS BY CONTRACT RATES OF EXCHANGE ON CAPITAL TRANSACTIONS	..			5,40,310	3,65,568	6,71,852	1,63,378	2,09,771	...	1,69,636
	4,42,87,327	4,77 01,310	4,87,56,448	5,13,95,355	5,22,93,195	5,22,77,365	5,33,15,515	5,67,99,489	5,61,80,120	5,42,67,964
NET TRAFFIC RECEIPTS APPLICABLE TO RELIEF OF INDIAN REVENUES ..	2,85,62,230	2,79,19,750	3,12,86,831	2,77,89,319	3,52,09,432	3,75,48,868	4,03,56,677	3,76,70,000	4,66,36,000	4,03,43,000
GAIN BY CONTRACT RATES OF EXCHANGE ON CAPITAL ACCOUNT	12,25,674	2,23,468	53,076		..	..	...	. .	51,759	...
TOTAL SETS OFF .	2,97,87,904	2,81,43,218	3,13,40,807	2,77,89,319	3,52,09,432	3,75,48,868	4,03,56,677	3,76,70,000	4,66,87,759	4,03,43,000
NET COST TO REVENUES	1,44,99,42[illegible]	1,95,61,092	1,74,15,641	2,36,06,036	1,70,83,763	1,47,28,497	1,29,58,838	1,91,29,489	94,92,361	1,39,24,964

The last table which I shall give is the following comparison of the true cost of these undertakings to our Revenues compared with the results shown in our Accounts:— Regular Estimates, 1876-77.

COMPARISON OF TRUE NET COST WITH THE ACCOUNTS.

	Net cost to Indian Revenues according to Finance Accounts.	True net cost.	More.	Less.
	Rs.	Rs.	Rs.	Rs.
1869-70	1,62,60,914	1,44,99,423	...	17,61,491
1870-71	1,80,96,362	1,95,61,092	14,64,730	
1871-72	1,60,54,291	1,74,15,641	13,61,350	
1872-73	2,00,80,483	2,36,06,036	35,25,553	
1873-74	1,28,32,347	1,70,83,763	42,51,116	
1874-75	97,41,471	1,47,28,497	49,87,026	
1875-76	73,64,320	1,29,58,838	55,94,518	
1876-77, Original ...	1,05,96,870	1,91,29,489	85,32,619	
1876-77, Revised ...	11,82,000	94,92,361	83,10,361	
1877-78	72,89,000	1,39,24,964	66,35,964	

REVIEW OF TRUE COST, 1876-77.

Although the true estimated net cost, this year, of these undertakings thus exceeds the amount shown in our Accounts by Rs. 83,10,361, still it is by far the smallest burden that has resulted from them to our Revenues for many years; and the relief of Rs. 96,37,128 compared with the Original Estimates is most acceptable: the particulars of this improvement are as follows:—

	Better. Rs.
Net traffic Receipts applicable to relief of Indian Revenues ...	89,66,000
Exchange on Capital transactions	2,61,530
Reduction of Interest on Capital	4,03,598
Land and supervision	18,000
TOTAL ...	96,49,128
Interest on Revenue Balances, worse	12,000
Net improvement ..	96,37,128

Of the improvement in the Net Traffic Receipts, about 9 lakhs of Rupees is attributed to the Delhi Assemblage, and about 29 lakhs to the Famine; the remainder is said to be due to a great traffic in seeds, wheat, and other produce, corresponding with the increased exports which we shall presently observe: the saving in interest is owing to the discharge of some debentures and to the renewal of others at lower rates.

SERVICES OF THESE RAILWAYS.

The fact that the gross traffic earnings are expected, for the first time, to exceed ten crores of Rupees, appears to me to be full of promise, and to be a signal demonstration of the services which these Railways already perform for India: there can be no question that multitudes will owe their lives to them this year. The gross traffic earnings of 1876-77 exceed those of 1869-70 by no less than Rs. 3,25,93,680, or 46 per cent., and the Net Traffic Receipts applicable to the relief of Indian Revenues in 1876-77 exceed the amount so applicable in 1869-70 by Rs. 1,80,73,770, or 46 per cent. The decrease in the percentage of working expenses is highly creditable to the management of these great undertakings, and to the supervision of the Government in the Public Works Department. Altogether, I have found nothing so gratifying in my present review of our finances as the progress of these Railways.

MADRAS IRRIGATION COMPANY.

Their net financial result is burdened by the inclusion of the operations of the Madras Irrigation Company, which is, as yet, an absolute failure and a dead weight upon the Revenues, not nearly even paying its way.

TRUE NET COST OF RAILWAYS ONLY.

The true cost of the Madras Irrigation Company's Works to the Revenues in 1876-77 is estimated to be Rs. 6,77,729, so that the whole cost of the Guaranteed Railway system (5,866 miles) to India in 1876-77 is now estimated at Rs. 88,14,632.

NET EARNINGS OF EACH LINE.

The following is the Net Revenue earned (including Companies' Surplus) by each line:—

	Rs.		Rs.
East Indian ...	2,34,81,000	Sindh, Punjab, and Delhi ...	22,00,000
Great Indian Peninsular	1,43,00,000	Eastern Bengal	18,88,000
Bombay and Baroda ...	28,00,000	Oudh and Rohilkund ...	11,86,000
Madras	28,00,000	South India	9,75,000
		TOTAL ...	4,96,30,000

Regular Estimates. 1876-77.

PUBLIC WORKS ORDINARY.

Public Works Ordinary.—The excess over the Net Grant in the Imperial portion of this Head is Rs. 9,28,000; but savings in the Provincial portion reduce the net excess to Rs. 5,57,000. The following figures show the Imperial expenditure of recent years compared with the present Estimates; they include the Estimates for 1877-78, which I shall presently explain:

	Original Estimate, 1876-77.	Regular Estimate, 1876-77.	Original Estimate, 1877-78.	1875-76.	1874-75.	1873-74.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Military Works	1,22,84,000	1,24,69,000	1,23,19,850	1,33,77,380	1,18,59,260	1,12,29,600
Other Services	27,14,000	29,68,000	32,34,650	32,06,110	30,05,750	29,97,970
Collieries	1,57,000	1,30,000	2,59,000	1,16,270	1,83,370	2,12,720
Furlough Allowances ...	4,90,000	5,40,000	5,40,000	4,71,960	4,47,750	4,99,940
Royal Civil Engineering College, England	2,30,000	2,40,000	2,40,000	2,37,650	2,67,190	3,97,690
Miscellaneous payments ...	45,000	40,000	40,000	33,050	25,130	— 21,080
Irrigation Works ...	94,00,000	95,88,000	90,06,000	1,07,02,400	92,56,330	82,40,390
Delhi Assemblage ...	...	2,83,000	...	...	..	...
	2,53,20,000	2,62,58,000	2,56,39,500	2,82,44,820	2,50,44,780	2,35,57,230

The excesses over the Grant are as follows: *Military Works*, Rs. 1,85,000, attributed to expected saving not being realised; *Other Services*, Rs. 2,54,000, of which Rs. 2,00,000 is for the new Government House and other Offices at Simla, and the rest is more than accounted for by the transfer of certain Light Houses from Provincial to Imperial Funds with a grant of Rs. 64,000; *Furlough Allowances*, Rs. 50,000; *Irrigation Works*, Rs. 1,88,000. It has been found necessary to grant, in all, Rs. 3,47,350 for urgent irrigation works not provided for in the Estimates; of this sum, Rs. 1,59,350 is made good by savings on items included in the grant; the excess of Rs. 1,88,000 remains. The only important item remaining is Rs. 2,83,000, which I have included in the Estimate given under the Head of *Political Services* of the total cost of the ceremonies of the 1st January 1877 throughout India.

PUBLIC WORKS EXTRAORDINARY.

Public Works Extraordinary.—The Grant was increased in the middle of the year by Rs. 20,00,000; that the excess now expected is only Rs. 4,10,000 is owing to the accidental transfer, at the last, of a payment in England of £128,000 for stores from 1876-77 to 1877-78. Of the whole Grant, Rs. 2,83,00,000 is being spent upon Railways and the rest on Canals.

The Railway expenditure is as follows:—

	Rs.		Rs.
Rajputana ...	13,99,000	Sindhia ...	18,90,000
Western Rajputana	84,000	Northern Bengal ...	42,69,000
Neemuch ...	18,63,000	Tirhoot ...	15,10,000
Holkar ...	15,50,000	Rangoon ...	31,04,000
Wardha Valley ...	7,59,000	Punjab Northern ...	38,59,000
Chatisgarh ...	76,000	Indus Valley ...	1,00,00,000

SUMMARY.

This completes my review of the Revenue and Expenditure of 1876-77 as now estimated. Compared with the Original Estimates, the general result is that, but for the Famine, the Original Estimates, although they were in some respects more sanguine than is usual, would have been more than made good. In the midst of the gloom that the Famine casts upon the financial situation to-day, we must not forget that this result was, at one time, little expected: in July 1876 the Government was justly so alarmed at the continued fall in the price of silver, that the Viceroy deemed it right to issue a general warning to all authorities throughout India that every possible economy was called for: I am hardly prepared to say that the comparatively favorable results which, apart from the Famine, I have

now set forth, can be directly traced to that warning; but I know that, in some cases, it led to vigorous measures of retrenchment, which have already facilitated certain important financial measures which I shall describe in speaking to the Legislative Council of the arrangements proposed for the coming year. Regular Estimates, 1876-77.

WAYS AND MEANS, 1876-77.

I must next compare the Regular Estimate of *Ways* and *Means* for 1876-77 with the Original Estimate, using, as before, the abstract tables in Statements IV, V, and VI. WAYS AND MEANS, 1876-77.

The *Deficit of Imperial Revenue* has grown, as we have seen, from Rs. 3,61,50,000 to Rs. 6,07,83,000. The *Deficit of Provincial and Local Revenue* is now estimated at Rs. 28,77,000, being more than the Estimate by Rs. 1,07,000. The payments on account of the *Military Service Funds* are now estimated at Rs. 27,69,000, being Rs. 89,000 more than we expected. The net *Loans to Native States and Public bodies* are expected to be Rs. 61,30,000, being Rs. 16,50,000 more than was expected. LIABILITIES.

As these transactions possess considerable interest, I present the following account of them.— LOANS TO NATIVE STATES AND PUBLIC BODIES.

Loans to Native States and Public bodies.

		Advanced.	Recovered.	Net advances
1872-73	...	43,88,360	17,89,690	25,98,670
1873-74	...	58,08,490	12,36,850	45,71,640
1874-75	...	80,16,510	19,00,270	61,16,240
1875-76	...	55,87,980	17,13,110	38,74,870
1876-77	...	75,10,000	13,80,000	61,30,000
TOTAL	...	3,13,11,370	80,19,920	2,32,91,450

During these five years, the sum of Rs. 2,32,91,450 has been for the most part (the loans to Native States being inconsiderable) invested, by the agency of various public bodies, in works of local improvement. The Grand Total outstanding due to the Government of India on this account, on the 31st of March 1876, was Rs. 5,67,78,790, full details of which are given in the 70th Account appended to the Finance and Revenue Accounts of India for 1875-76. The largest items are Rs. 2,14,75,860, due from the *Bombay Port Trust*; Rs. 92,05,560 from the *Calcutta Municipal Corporation*; Rs. 59,83,420 from the *Calcutta Port Fund and Port Trust*; Rs. 57,51,000 from the *Bombay Municipality*; and Rs. 21,26,670 for the *Hooghly Bridge*.

The Guaranteed Railway Companies were expected to withdraw net Rs. 10,43,000: they will, it is believed, actually withdraw Rs. 1,21,42,000. Deposits and Remittances shew an adverse balance of Rs. 78,00,000, being more than Estimate Rs. 53,70,000. Thus, we now expect to have to provide, otherwise than from the Revenues, Rs. 9,25,01,000, being more than Sir William Muir's Estimate by Rs. 4,19,08,000. GUARANTEED CAPITAL WITHDRAWN

Of this large sum, the Covenanted and Uncovenanted *Civil Funds* will yield Rs. 11,40,000, being more than was estimated by Rs. 2,50,000. *Savings Banks Deposits* are expected to supply Rs. 10,60,000 instead of Rs. 5,00,000. ASSETS. CIVIL FUNDS.

This item is not important financially; but it has so much interest of its own, that I will state the past figures:— SAVINGS BANKS.

Savings Banks.

			Deposited.	Withdrawn.	Net Deposits
			Rs.	Rs.	Rs.
1872-73	..	...	89,89,940	65,75,820	24,14,120
1873-74	...	...	1,17,73,520	91,86,580	25,86,940
1874-75	..	...	73,08,730	72,09,370	99,360
1875-76	.	..	73,75,390	65,35,180	8,40,210
1876-77	...	...	57,60,000	47,00,000	10,60,000
			4,12,07,580	3,42,06,950	70,00,630

The balances in the hands of the Government on the 31st March 1876 are shown in the 65th Account appended to the Finance and Revenue Accounts for 1875-76 to have been Rs. 1,83,08,140, of which Rs. 1,45,19,370 were in the

Statistics. 1876-77.

Presidency Savings Banks (Rs. 93,86,040 in Bombay alone); Rs. 17,13,540 were in Regimental Savings Banks; and Rs. 20,75,230 in District Savings Banks. It was ascertained in 1873 that the Presidency Savings' Banks were being used, especially at Bombay, for purposes for which they were not intended; and means were taken to prevent the abuse. The *District Savings Banks* have made some progress during the year, but they are still quite in their infancy.

DEBT INCURRED. 1876-77.

The net amount borrowed in 1876-77 is Rs. 3,72,40,000, being more by Rs. 74,60,000 than was estimated by Sir William Muir: the excess of £1,960,000 borrowed in England was, so far, neutralised by operations in India, chiefly by the purchase of securities already described.

REDUCTION OF BALANCES.

If some unimportant items are omitted, the rest of our requirements for the year have been supplied from the Balances in our treasuries, which have been reduced by Rs. 5,41,27,937 in India, and raised by £228,200 in England. Sir William Muir calculated upon a reduction of only Rs. 1,76,23,000: he expected the Government of India to reduce its Balances by Rs. 2,69,06,000, and the Secretary of State to increase his Balance by £928,300. I have shown that the Opening Balances proved to be larger by Rs. 88,16,000 (*viz.*, Rs. 70,93,000 in India, and £172,300 in England) than was at that time expected. But making allowances for this, the net reduction amounts to the formidable sum of Rs. 2,51,07,000 in excess of Sir W. Muir's estimate, of which Rs. 2,01,29,000 is in India, and £527,800 in England. I cannot speak for the Secretary of State as regards the Balances in the Home Treasury, but the estimated Balances in India on the 31st March next (Rs. 11,53,97,000) are decidedly too low; and we have only submitted to them under the pressure arising out of the Famine.

COMMERCIAL STATISTICS, 1876-77.

COMMERCIAL STATISTICS, 1876-77.

The Exports and Imports of Merchandise (including Government stores but excluding treasure) during the ten months from April to January, in the years 1872-73 to 1876-77, were—

TRADE OF TEN MONTHS.

April to January.		Exports (including re-exports).	Imports.	Net Exports.
		Rs.	Rs.	Rs.
1872-73	...	*43,78,45,284	25,52,53,692	18,25,91,592
1873-74	...	*13,09,58,722	26,13,52,662	16,66,06,060
1874-75	...	44,31,72,208	29,42,86,036	14,88,86,172
1875-76	...	46,30,93,697	30,82,62,938	15,48,30,759
1876-77	.	48,26,54,961	30,24,29,230	18,02,25,731

* These figures are for private trade only, those for Government Stores not being available.

Including treasure, the Net Exports during the same periods were—

April to January.		Net Exports of Merchandise.	Net Imports of Treasure.	Net Exports.
		Rs.	Rs.	Rs.
1872-73	...	18,25,91,592	2,90,97,380	15,34,94,212
1873-74	...	16,66,06,060	1,15,05,223	15,51,00,837
1874-75	...	14,88,86,172	5,04,96,376	9,83,89,796
1875-76	...	15,48,30,759	2,45,25,580	13,03,05,179
1876-77	...	18,02,25,731	5,21,85,306	12,80,40,425

The Gross Exports of commodities (other than treasure) in the ten months of 1876-77 exceeded those in the corresponding period in 1875-76 by nearly 2 crores, whilst the imports were 58 lakhs less: the Net Imports of treasure in the ten months of 1876-77 were 276 lakhs more than in the corresponding period in 1875-76.

The exports of the principal articles of Indian produce were as follows :— Statistics, 1876-77.

(Values in Rupees.)

		1872-73.	1873-74.	1874-75.	1875-76.	1876-77.
Coffee	(Cwt.)	226,000	234,000	167,000	165,000	169,000
	(Value)	64,72,000	86,17,000	71,04,000	66,23,000	72,25,000
Cotton Goods—						
Twist and Yarn ...	lbs.	1,529,000	2,009,000	2,143,000	4,587,000	6,817,000
	Value	8,23,000	10,53,000	11,11,000	19,68,000	31,66,000
Manufactures	Value	27,17,000	35,37,000	31,16,000	32,62,000	37,59,000
Indigo	(Cwt.)	94,000	88,000	65,000	78,000	83,000
	(Value)	2,83,82,000	2,76,12,000	2,10,75,000	2,03,80,000	2,15,04,000
Rice and Paddy	(Cwt.)	17,373,000	13,829,000	10,048,000	13,046,000	11,656,000
	(Value)	4,25,58,000	3,82,53,000	3,15,43,000	3,54,97,000	3,39,77,000
Wheat	(Cwt.)	320,000	1,338,000	998,000	2,156,000	4,839,000
	(Value)	13,52,000	61,16,000	45,76,000	77,56,000	1,67,34,000
Hides and Skins	Value	2,30,71,000	2,09,52,000	2,05,66,000	2,37,88,000	2,30,98,000
Jute, Raw and manufactured ..	Value	3,63,27,000	3,06,90,000	2,91,91,000	2,63,96,000	2,89,54,000
Lac ...	Value	15,65,000	19,11,000	19,24,000	59,36,000	42,53,000
Seeds	Cwt.	...	...	...	8,511,000	8,559,000
	Value	1,29,41,000	1,90,73,000	2,15,19,000	4,11,45,000	4,68,86,000
Opium	Chests	69,000	72,000	81,000	73,000	82,000
	Value	9,67,05,000	9,23,48,000	10,18,01,000	9,18,68,000	10,49,10,000
Saltpetre	Cwt.	396,000	390,000	423,000	301,000	370,000
	Value	40,77,000	40,64,000	38,70,000	25,50,000	30,27,000
Silk, Raw and manufactured ..	Value	1,11,61,000	1,08,11,000	87,27,000	53,19,000	80,14,000
Sugar and saccharine produce...	Value	46,77,000	19,17,000	27,91,000	22,66,000	60,60,000
Tea	lbs.	15,710,000	16,800,000	17,231,000	21,255,000	25,186,000
	Value	1,40,3[illegible],000	1,52,02,000	1,59,09,000	1,89,99,000	2,36,18,000
Wood, Teak	Value	32,53,000	33,16,000	26,39,000	35,63,000	27,32,000
Wool, Raw	lbs.	16,311,000	16,062,000	17,924,000	19,507,000	19,815,000
	Value	66,58,000	71,55,000	80,68,000	89,93,000	89,10,000

EXPORTS.

The export of *Cotton Goods* continues to grow remarkably. There are now, or will immediately be, fifty-two mills at work in India for spinning and weaving cotton, *viz.* :— COTTON MILLS

	Mills.	Spindles.	Throstles.	Looms.
Bombay ...	*40*	*932,530*	*21,476*	*8,390*
Bengal ...	*4*	*101,194*	*3,352*	*100*
North-Western Provinces	*2*	*27,350*	...	*275*
Madras ...	*3*	*26,800*	...	*44*
Nagpur ...	*1*	*30,000*	...	*450*
Hyderabad ...	*1*	*15,172*	...	*200*
Indore ...	*1*		*No information.*	
Total ...	*52*	*1,133,046*	*21,828*	*9,459*

The increase in exports of *Wheat, Seeds,* and *Tea* is very considerable; and, after three years of depression below the amount in 1872-73, the export of *Sugar* in 1876-77 has greatly exceeded that in 1872-73.

The following table of imports of principal articles during the ten months from April to January in 1872-73 to 1876-77 shows a slight improvement in *Cotton Goods* and a material improvement in *Metals,* which two classes of goods form the bulk of the imports. Grey cotton goods, of which the quantities in 1875 declined below the imports in 1874, show an improvement in the ten months, compared with the corresponding period in 1875-76. In the remaining articles there is, on the whole, a falling off in comparison with 1875-76 :—the decline of machinery and mill-work being considerable: woollen manufactures, though less than in 1875-76, are in advance of the corresponding amounts in 1872-73 to 1874-75. I reserve for my Statement in the IMPORTS

Statistics, 1876-77.

Legislative Council the remarks which I have to make regarding the import duties levied on cotton goods.

(Values in Rupees.)

		1872-73.	1873-74.	1874-75.	1875-76.	1876-77.
Apparel	Value	52,04,000	49,15,000	52,36,000	53,17,000	44,43,000
Coal	Tons	233,000	240,000	220,000	243,000	336,000
	Value	32,69,000	49,62,000	42,17,000	41,60,000	62,67,000
Cotton Goods—						
Twist and Yarn	lbs	25,6 2,000	25,358 000	31,708,000	25,924,000	26,692,000
	Value	2,11 09,000	2,16,42,000	2 70 55,000	2,28,61,000	2 23,04,000
Manufactures ..	Value	11 99 17 000	12,76,16,000	13,55,07,000	13,08,42 000	13,03,80,000
Liquors	Gallons	28 08,000	33,28,000	38,93,000	32,45,000	49,56,000
	Value	1,23,14,000	1,11,22,000	1,19,68,000	1,19,48,000	1,26,86,000
Machinery and Millwork ...	Value	38 93 000	75,10 000	96,02,000	1,20,04,000	73,06,000
Metals . .	Value	1,51,23,000	1,30,65,000	2,00,73,000	2,47,22,000	2,77,08,000
Railway Plant and Rolling-stock	Value	44,44 000	93 61,0 0	80,89,000	1,33,78,000	1,20,26,000
Salt	Tons	239 000	2,39,000	199,000	303,000	256,000
	Value	70,95 000	70,33,000	54,57,000	50,52,000	36,37,000
Silk, Raw and manufactured ..	Value	1,02 30,000	1,13,66,000	1,31,54,000	1,12,68,000	83,27,000
Spices .	Value	19,19 000	12 41 000	15,31,000	31,57,000	36,79,000
Sugar and saccharine produce ..	Value	30,75,000	39,08,000	36,16,000	61,88,000	34 98,000
Tea	lbs	1 961,000	1,23,3,000	1,364,000	2,268,000	1,537,000
	Value	19,61 000	12 33 000	13,64 000	19 72,000	12,18,000
Woollen Manufactures .	Value	63,62 000	60,08,000	48,15,000	74,39,000	72,59,000

The Net Imports of gold and silver were as follows :—

April to January.		Net Imports of Gold.	Net Imports of Silver.	Total Net Imports of Treasure.
		Rs.	Rs.	Rs.
1872-73	...	2,18,65,723	72,31,657	2,90,97,380
1873-74	...	1,13,61,648	1,40,575	1,15,05 223
1874-75	...	1,63,00,406	3,41,95,970	5,04,96,376
1875-76	...	1,48,62,220	96,63,360	2 45 25,580
1876-77	...	-41,02,337*	5,62,87,643	5,21,85,306

The condition of Trade in 1876-77 is understood to have been flourishing: doubtless the expansion of the Net Imports of Silver and the fact of there having been, for the first time, a Net Export of Gold, are closely connected with the fall in the gold-price of silver, and the consequent depression of the sterling exchange.

BANK'S RATE OF INTEREST AND DISCOUNT, 1876-77.

The Bank of Bengal's rate of interest on loans payable on demand has varied from 11 per cent. (from the 13th to the 27th April) to 5 per cent. (from 4th August to 21st September.) Money has thus been scarce and dear, a fact which may be attributed, partly, to the contraction of the Government Balances and the creation of a separate Government Reserve Treasury, but, to a much greater degree, probably, to the apprehensions felt by banks and capitalists as to the future value of silver. There is reason to believe that much capital was for a time, and may again be, withdrawn from the East in consequence of these apprehensions.

GOVERNMENT SECURITIES HELD BY PRESIDENCY BANKS.

The Government Securities held by the Presidency Banks have fallen from Rs. 2,14,71,000 on the 1st April and (by the latest returns) Rs. 1,64,73,000. The largest amount held by these institutions was at the end of June Rs. 2,69,15,000, since which date they have sold securities for Rs. 1,04,42,000. The following Statistics of the transactions of these Banks at the close of the 8th week (the latest date for which we have complete Statistics) of each calendar year are interesting.

STATISTICS OF PRESIDENCY BANKS.

	Assets.					Liabilities			
	Government Securities held.	Advances on Government Securities.	Mercantile bills discounted.	Cash Balances.	Other Assets.	Reserve Funds.	Public Deposits.	Bank Post bills.	Other deposits and liabilities.
	Rs	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1871	151,28,000	128,57,000	351,48,000	995,08,000	58,94,000	25,14,000	624,14,000	21 76,000	677,75,000
1872	145 84 000	124,70,000	432,26,000	945,63 000	35,04,000	25,91,000	1,160,19,000	10,07,000	451,05,000
1873	219,52,000	145,04,000	370,13,000	896,36,000	55,11,000	29,79,000	795,65,000	3,83,000	520,64,000
1874	163,06,000	188,92,000	403,2),000	516,16,000	29,04,000	34,92,000	531,81,000	7,33,000	390,27,000
1875	231,93,000	170 92,000	380,22,000	579,90,000	38,07,000	35,56,000	512,00,000	6,61,000	471,00,000
1876	257,07,000	152,44,000	347,73,000	598,52,000	39,31,000	41,78,000	514,41,000	10,28,000	452,35,000
1877	164,13,000	148,87,000	325,91,000	472,81,000	33,02,000	41,96,000	305,74,000	3,86,000	443,18,000

* Net Exports.

The public Deposits fell at one time (second week of January 1877) to Rs. 2,54,66,000. Their depletion is due to the decrease of the general Balances of the Government, and, latterly, to the demands for money for the operations against the famine in the Presidencies of Madras and Bombay. Statistics. 1876-77 PUBLIC DEPOSITS

The Presidency Banks' Act No. XI of 1876 came into operation on the 1st of May 1876, and is understood to have worked satisfactorily. New agreements have been completed, under this Act, between the Government and the Banks for the conduct of the public business at the Presidency Towns, and at the Branches of the Presidency Banks at country towns; and these agreements, too, have worked smoothly and well. PRESIDENCY BANKS' ACT, 1876.

A Government Reserve Treasury was opened in Calcutta on the 11th May 1876. The largest Balance accumulated in this Treasury was Rs. 1,66,25,677 (*on the 1st November*): this amount rapidly decreased; and, since the middle of December, the contents of the Reserve Treasury have been nominal. Local revenue is not received at this Treasury, which is supplied only by remittances from the Calcutta Mint and from the interior of the country. It is considered important to concentrate the spare resources of the State, as far as possible, in one Government Reserve Treasury, in order that they may be more readily available for use, in case of need, than they would be if they were deposited, as heretofore, in the Presidency Banks and employed in their ordinary business. The Government intends always, in ordinary times, to leave with each Presidency Bank a balance calculated upon a liberal scale with reference to the public transactions at each Bank. GOVERNMENT RESERVE TREASURY

The rates of exchange at which the Secretary of State sold his bills upon the Government of India have ranged from 1*s.* 6·57*d.* the rupee on the 5th July to 1*s.* 10·33*d.* on 24th January, following, of course, the Sterling price of silver: the average rate, as we have seen, is 1*s.* 8½*d.* EXCHANGE, 1876-77.

The rate fixed for the adjustment during the year of transactions with the Imperial Treasury is 1*s.* 9¾*d*: this rate is fixed once a year, according to the state of the exchanges in London on the date on which the calculation is made: hitherto, no forecast of the probable course of the exchanges during the year has influenced the determination of the rate: this year, the rate has been so much above the market rate that the Treasury has lost heavily by it. The amount to which the rate applies, directly, in 1876-77 (apart from furlough allowances, the proportion of which affected by the rate I cannot exactly calculate) is estimated to be net £1,371,000. At the average rate of the year we should have received in India, in exchange for this sterling sum, Rs. 1,60,52,236; by the operation of the adjusting rate we have received only Rs. 1,51,28,275; the difference (Rs. 9,23,961) is loss to the Indian Treasury arising from the adjusting rate; and perhaps Rs. 1,50,000 may be added for loss on furlough allowances. The furlough allowances of our civil and military officers and the family remittances of military officers are affected by the adjusting rate; and, in so far as the high rate of the year has mitigated the loss sustained from the depreciation of silver, by our military officers and by our poorer civil officers, the Government does not grudge its loss. One consequence of the advantage enjoyed, this year, by these officers is to be observed in the remittance by them to their families through the India Office of £275,000 more than was expected. ADJUSTING RATE, 1876-77.

The Paper Currency circulation during the first ten months of 1876 was only marked by the ordinary fluctuations due to season: towards the close of the year the circulation was increased by the issue of notes against bullion,—a measure authorised by the law but not hitherto adopted. The lowest point of the circulation, Rs. 10,53,22,945, occurred, as in 1875, in May: the recovery, however, which is observable in the dull season, took place earlier and more rapidly than in 1875: this agrees with the movements of the money-market; in 1875, the highest point of the Bank of Bengal's rates of discount was reached on the 13th May, and the first reduction took place on the 27th May; in 1876, the highest point was reached on the 13th April, and the first reduction took place on the 27th April. At the close of 1876, the amount of the circulation was almost exactly 12 crores of rupees. The largest circulation, Rs. 12,27,36,080, was on the 15th December. PAPER CURRENCY, 1876-77.

Statistics, 1876-77

MONEY ORDERS, 1876-77

The Money Orders issued by the Government fell to a lower number and amount than has been reached for several years, as follows:—

	No. of Orders issued	Amount	Average amount of each Order			Profit.
		Rs	Rs.	A.	P	Rs
1869-70 ...	210,781	1,16,63,338	55	5	4	60,894
1870-71	242,702	1,30,55,924	53	12	8	64,891
1871-72	251,213	1,25,14,115	49	13	5	58,017
1872-73 .	269,435	1,29,21,632	47	15	4	58,387
1873-74 ...	215,879	1,07,20,240	43	7	3	66,825
1874-75	242,001	1,01,67,465	42	2	3	56,919
1875-76 ..	231,907	91,26,625	39	5	8	55,664

The low average amount of each order is satisfactory, as showing that these orders are being used for the purpose for which they were intended, *viz.*, to make small remittances: the diminishing use of the orders seems to show that the means of remitting money in the interior are becoming cheaper.

JOHN STRACHEY.

FORT WILLIAM,
FINANCIAL DEPARTMENT,
15th March 1877.

STATEMENTS.

I.

REVENUE AND EXPENDITURE OF THE GOVERNMENT

REVENUE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77.	
							Increase.	Decrease.
CIVIL.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I.—Land Revenue ...	21,50,50,380	21,38,22,000	20,00,63,000	...	1,37,59,000	20,94,08,000	93,45,000	...
II.—Tributes and Contributions ...	72,61,880	70,00,000	70,50,000	50,000	...	69,79,000	...	71,000
III.—Forest	67,25,280	60,00,000	61,20,000	1,20,000	...	57,92,000	...	3,28,000
IV.—Excise on Spirits and Drugs	2,49,32,320	2,52,50,000	2,48,75,000	...	3,75,000	2,56,17,000	7,42,000	...
V.—Assessed Taxes ...	5,100	...	2,000	2,000	...	...	...	2,000
VI.—Customs	2,72,25,330	2,62,00,000	2,46,92,000	...	15,08,000	2,48,69,000	1,77,000	...
VII.—Salt	6,24,44,150	6,30,00,000	6,34,30,000	4,30,000	...	6,34,30,000	...	...
VIII.—Opium	8,47,14,250	8,20,00,000	9,17,68,000	97,68,000	...	8,61,00,000	...	56,68,000
IX.—Stamps	2,83,53,680	2,83,70,000	2,86,40,000	2,70,000	...	2,89,64,000	3,24,000	...
X.—Mint	11,04,890	12,40,000	21,43,000	9,03,000	...	17,50,000	...	3,93,000
XI.—Post Office ...	76,37,650	77,80,000	80,38,000	2,58,000	...	82,59,000	2,21,000	...
XII.—Telegraph ...	30,90,400	29,00,000	33,21,000	4,21,000	...	31,55,000	...	1,66,000
XIII.—Law and Justice ...	79,64,600	84,20,000	80,83,000	...	3,37,000	84,27,000	3,44,000	...
XIV.—Police	8,41,600	5,28,000	6,56,000	1,28,000	...	7,00,000	44,000	...
XV.—Marine	23,04,310	20,04,000	20,86,000	82,000	...	20,19,000	...	67,000
XVI.—Education	10,38,910	10,28,000	10,12,000	...	16,000	10,19,000	7,000	...
XVII.—Interest	56,11,890	50,80,000	51,99,000	1,19,000	...	51,25,000	...	74,000
XVIII.—Receipts in aid of Superannuation, Retired and Compassionate Allowances	74,91,660	59,40,000	59,68,000	28,000	...	59,74,000	6,000	...
XIX.—Gain by Exchange ...	32,53,650	34,70,000	46,27,000	11,57,000	...	38,79,000	...	7,48,000
XX.—Miscellaneous ...	36,82,710	34,81,000	37,72,000	2,91,000	...	27,93,000	...	9,79,000
Total ...	50,14,34,640	49,35,13,000	49,15,45,000	...	19,68,000	49,42,59,000	27,14,000	...
Army	1,04,56,130	87,80,000	91,06,000	3,26,000	...	89,20,000	...	1,86,000
Public Works Ordinary ...	13,80,053	12,84,000	13,41,000	57,000	...	19,95,000	6,54,000	...
Irrigation	51,77,200	52,70,000	50,07,000	...	2,63,000	55,16,000	5,09,000	...
State Railways	28,95,120	41,50,000	36,96,000	...	4,54,000	67,48,000	30,52,000	...
Provincial Contributions ...	14,81,150	3,07,000	1,85,000	...	1,22,000	41,51,000	39,66,000	...
Balances of Local Governments decreased	23,33,594	16,50,000	11,87,000	...	4,63,000	3,38,000	...	8,49,000
GRAND TOTAL ...	52,51,57,887	51,49,54,000	51,20,67,000	...	28,87,000	52,19,27,000	98,60,000	...
Deficit, excluding Public Works Extraordinary	...	...	2,27,83,000	2,42,23,000	...	62,17,000	...	1,65,66,000
Deficit	2,60,17,468	3,61,50,000	6,07,83,000	2,46,33,000	...	4,24,97,000	...	1,82,86,000

Fort William;
Financial Department,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

OF INDIA IN INDIA AND IN ENGLAND.

[£ 1 reckoned = Rs. 10.]

EXPENDITURE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77. Increase.	Decrease.
CIVIL.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.—Interest on Funded and Unfunded Debt ...	5,17,81,080	5,36,00,000	5,41,07,000	5,07,000	...	5,64,65,000	23,58,000	...
2.—Interest on Service Funds and other Accounts ...	38,58,600	39,07,000	38,61,000	...	46,000	35,96,000	...	2,65,000
3.—Refunds and Drawbacks ...	34,63,175	30,49,000	29,10,000	...	1,39,000	30,60,000	1,50,000	...
4.—Land Revenue ...	2,53,34,500	2,48,79,000	2,50,98,000	2,19,500	...	2,50,66,000	...	32,000
5.—Forest ...	40,36,682	41,74,000	43,89,000	2,15,000	...	41,83,000	...	2,06,000
6.—Excise ...	10,13,231	8,70,000	10,83,000	2,13,000	...	10,71,000	...	12,000
7.—Customs ...	18,67,571	18,92,000	19,51,000	59,000	...	19,33,000	...	18,000
8.—Salt ...	50,75,796	52,60,000	48,65,000	...	3,95,000	51,87,000	3,22,000	...
9.—Opium ...	2,21,85,650	2,20,00,000	2,80,18,000	60,18,000	...	2,36,00,000	...	44,18,000
10.—Stamps ...	10,64,716	10,30,000	9,77,000	...	53,000	9,82,000	5,000	...
11.—Mint ...	10,76,260	9,40,000	12,97,000	3,57,000	...	8,92,000	...	4,05,000
12.—Post Office ...	84,85,035	86,91,000	86,37,000	...	54,000	89,43,000	3,06,000	...
13.—Telegraph ...	49,06,240	48,80,000	49,18,000	38,000	...	49,55,000	37,000	...
14.—Administration ...	1,42,69,076	1,39,40,000	1,45,92,000	6,52,000	...	1,42,32,000	...	3,60,000
15.—Minor Departments ...	34,49,947	31,48,000	31,33,000	...	15,000	32,28,000	95,000	...
16.—Law and Justice ...	3,21,24,471	3,27,46,000	3,25,71,000	...	1,75,000	3,29,44,000	3,73,000	...
17.—Police ...	2,13,00,488	2,10,18,000	2,11,74,000	1,56,000	...	2,09,50,000	...	2,24,000
18.—Marine ...	62,98,671	57,62,000	56,64,000	...	98,000	54,47,000	...	2,17,000
19.—Education ...	75,51,205	77,18,000	73,45,000	...	3,73,000	74,13,000	68,000	...
20.—Ecclesiastical ...	16,21,888	16,63,000	16,63,000	...	...	16,66,000	3,000	...
21.—Medical ...	60,79,717	59,39,000	59,24,000	...	15,000	59,89,000	65,000	...
22.—Stationery and Printing...	43,75,751	36,68,000	40,93,000	4,25,000	...	41,42,000	49,000	...
23.—Political Agencies ...	43,33,370	34,92,000	53,31,000	18,39,000	...	39,60,000	...	13,71,000
24.—Allowances and Assignments under Treaties and Engagements ...	1,71,37,240	1,69,60,000	1,67,89,000	...	1,71,000	1,67,35,000	...	54,000
25.—Civil Furlough and Absentee Allowances in England ...	22,91,990	22,30,000	24,06,000	1,76,000	...	23,81,000	...	25,000
26.—Superannuation, Retired and Compassionate Allowances ...	1,93,93,050	1,79,60,000	1,80,05,000	45,000	...	1,81,27,000	1,22,000	...
27.—Loss by Exchange ...	1,42,97,220	2,33,20,000	2,13,51,000	...	19,69,000	1,60,00,000	...	53,51,000
28.—Miscellaneous ...	33,06,444	20,12,000	24,27,000	4,15,000	...	20,26,000	...	4,01,000
Famine Relief ...	59,57,793	...	1,91,10,000	1,91,10,000	...	1,42,50,000	...	48,60,000
TOTAL CIVIL ...	29,79,36,857	29,67,48,000	32,36,89,000	2,69,41,000	...	30,94,23,000	...	1,42,66,000
Army ...	15,30,84,590	15,97,90,000	16,20,77,000	22,87,000	...	16,23,86,000	3,09,000	...
Public Works Ordinary ...	4,42,72,376	4,03,08,000	4,09,22,000	6,14,000	...	3,96,96,000	...	12,26,000
State Railways ...	21,47,130	29,70,000	26,54,000	...	3,16,000	48,30,000	21,76,000	...
Land and Supervision (Guaranteed Railways) ...	8,33,130	9,30,000	9,12,000	...	18,000	7,80,000	...	1,32,000
Guaranteed Interest, less net Traffic Receipts ...	97,53,098	1,26,00,000	41,93,000	...	84,07,000	1,00,00,000	58,07,000	...
Balances of Local Governments increased ...	4,41,884	1,68,000	4,03,000	2,35,000	...	10,29,000	6,26,000	...
TOTAL ORDINARY ...	50,84,69,065	51,35,14,000	53,48,50,000	2,13,36,000	...	52,81,44,000	...	67,06,000
Public Works Extraordinary ..	4,27,06,290	3,75,90,000	3,80,00,000	4,10,000	...	3,62,80,000	...	17,20,000
GRAND TOTAL ...	55,11,75,355	55,11,04,000	57,28,50,000	2,17,46,000	...	56,44,24,000	...	84,26,000
Surplus, excluding Public Works Extraordinary ...	1,66,88,822	14,40,000	...	...	...	...	...	...
Gross Guaranteed Interest ...	*4,69,02,996*	*4,73,28,000*	*4,71,01,000*	...	*2,27,000*	*4,71,82,000*	*81,000*	...
Net Traffic Receipts ...	*3,71,49,898*	*3,47,28,000*	*4,29,08,000*	*81,80,000*	...	*3,71,82,000*	...	*57,26,000*
Guaranteed Interest, less net Traffic Receipts ...	*97,53,098*	*1,26,00,000*	*41,93,000*	...	*84,07,000*	*1,00,00,000*	*58,07,000*	...

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II.

REVENUE AND EXPENDITURE OF THE

REVENUE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77.	
							Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I.—Land Revenue ...	21,50,50,380	21,38,22,000	20,00,63,000	...	1,37,59,000	20,94,08,000	93,45,000	...
II.—Tributes and Contributions from N. States...	72,61,880	70,00,000	70,50,000	50,000	...	69,79,000	...	71,000
III.—Forest	67,25,280	60,00,000	61,20,000	1,20,000	...	57,92,000	...	3,28,000
IV.—Excise on Spirits and Drugs	2,49,32,320	2 52,50,000	2,48,75,000	...	3,75,000	2,56,17,000	7,42,000	...
V.—Assessed Taxes ...	5,100	...	2,000	2,000	...	...	...	2,000
VI.—Customs	2,72,25,330	2,62,00,000	2,46,92,000	...	15,08,000	2,48,69,000	1,77,000	...
VII.—Salt	6,24,44,150	6,30,00,000	6,34,30,000	4,30,000	...	6,34,30,000	...	...
VIII.—Opium	8,47,14,250	8,20,00,000	9,17,68,000	97,68,000	...	8,61,00,000	...	56,68,000
IX.—Stamps	2,83,53,680	2,83,70,000	2,86,40,000	2,70,000	...	2,89,64,000	3,24,000	...
X.—Mint	11,04,590	12,40,000	21,43,000	9,03,000	...	17,50,000	...	3,93,000
XI.—Post Office ...	76,37,650	77,80,000	80,38,000	2,58,000	...	82,59,000	2,21,000	...
XII.—Telegraph ...	29,19,180	28,15,000	31,72,000	3,57,000	...	30,94,000	...	78,000
XIII.—Law and Justice ...	79,64,600	84,20,000	80,83,000	...	3,37,000	84,27,000	3,44,000	...
XIV.—Police	8,41,600	5,28,000	6,56,000	1,28,000	...	7,00,000	44,000	...
XV.—Marine	22,97,310	20,04,000	20,86,000	82,000	...	20,19,000	...	67,000
XVI.—Education	10,38,910	10,28,000	10,12,000	...	16,000	10,19,000	7,000	...
XVII.—Interest	52,49,160	48,80,000	50,99,000	2,19,000	...	50,25,000	...	74,000
XVIII.—Receipts in aid of Superannuation, Retired and Compassionate Allowances	65,61,670	50,44,000	50,52,000	8,000	...	50,59,000	7,000	...
XIX.—Gain by Exchange on Transactions with London	39,53,650	34,70,000	46,27,000	11,57,000	...	38,79,000	...	7,48,000
XX.—Miscellaneous ...	34,94,380	32,75,000	33,55,000	80,000	...	26,73,000	...	6,82,000
TOTAL ...	49,97,75,070	49,21,26,000	48,99,63,000	...	21,63,000	49,30,63,000	31,00,000	...
Army	93,84,640	84,08,000	86,30,000	2,22,000	...	84,50,000	...	1,80,000
Public Works Ordinary ...	12,04,543	11,04,000	11,64,000	60,000	...	18,14,000	6,50,000	...
Irrigation	51,74,530	52,70,000	50,07,000	...	2,63,000	55,16,000	5,09,000	...
State Railways	28,95,120	41,50,000	36,96,000	...	4,54,000	67,48,000	30,52,000	...
Provincial Contributions ...	14,81,150	3,07,000	1,85,000	...	1,22,000	41,51,000	39,66,000	...
Balances of Local Governments Decreased	23,33,594	16,50,000	11,87,000	...	4,63,000	3,38,000	...	8,49,000
TOTAL ORDINARY ...	52,22,48,647	51,30,15,000	50,98,32,000	...	31,83,000	52,00,80,000	1,02,48,000	...

Fort William;
Financial Department,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

GOVERNMENT OF INDIA IN INDIA.

EXPENDITURE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77. Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.—Interest on Funded and Unfunded Debt	3,01,72,530	3,10,64,000	3,10,40,000	...	24,000	3,16,00,000	5,60,000	...
2.—Interest on Service Funds and other Accounts ...	38,53,270	39,07,000	38,61,000	...	46,000	35,96,000	...	2,65,000
3.—Refunds and Drawbacks ...	34,63,175	30,49,000	29,10,000	...	1,39,000	30,60,000	1,50,000	...
4.—Land Revenue ...	2,52,91,660	2,48,27,000	2,50,52,000	2,25,000	...	2,50,22,000	...	30,000
5.—Forest	40,11,202	41,49,000	43,63,000	2,14,000	...	41,57,000	...	2,06,000
6.—Excise on Spirits and Drugs	10,13,231	8,70,000	10,62,000	1,92,000	...	10,71,000	9,000	...
7.—Customs	18,66,131	18,92,000	19,50,000	58,000	...	19,33,000	..	17,000
8.—Salt	50,72,996	52,56,000	48,34,000	...	4,22,000	51,87,000	3,53,000	...
9.—Opium	2,21,78,510	2,19,90,000	2,80,18,000	60,28,000	...	2,36,00,000	...	44,18,000
10.—Stamps	7,12,016	7,17,000	7,24,000	7,000	...	7,23,000	...	1,000
11.—Mint	8,22,760	7,90,000	8,84,000	94,000	...	8,60,000	...	24,000
12.—Post Office	78,33,765	78,65,000	78,57,000	...	8,000	79,63,000	1,06,000	...
13.—Telegraph	40,54,620	38,13,000	38,50,000	37,000	...	39,41,000	91,000	...
14.—Administration ...	1,19,39,326	1,17,10,000	1,22,52,000	5,42,000	...	1,19,86,000	...	2,66,000
15.—Minor Departments ...	30,92,067	27,72,000	27,56,000	...	16,000	27,82,000	26,000	..
16.—Law and Justice ...	3,21,09,761	3,27,18,000	3,25,52,000	...	1,66,000	3,28,93,000	3,41,000	...
17.—Police	2,13,00,488	2,10,18,000	2,11,74,000	1,56,000	...	2,09,50,000	...	2,24,000
18.—Marine	43,14,181	40,36,000	38,88,000	...	1,48,000	39,99,000	1,11,000	...
19.—Education	75,48,205	77,12,000	73,36,000	...	3,76,000	74,07,000	71,000	...
20.—Ecclesiastical	16,11,338	16,54,000	16,30,000	...	24,000	16,52,000	22,000	...
21.—Medical	60,79,717	59,39,000	59,24,000	...	15,000	59,89,000	65,000	...
22.—Stationery and Printing ...	22,85,431	24,63,000	24,03,000	...	60,000	23,55,000	...	48,000
23.—Political	41,80,440	29,36,000	51,48,000	22,12,000	..	32,65,000	...	18,83,000
24.—Allowances and Assignments under Treaties and Engagements ...	1,69,43,880	1,67,52,000	1,65,78,000	..	1,74,000	1,65,24,000	...	54,000
25.—Civil Furlough, &c., Allowances	7,680	...	6,000	6,000	...	1,000	...	5,000
26.—Superannuation, Retired and Compassionate Allowances ...	79,87,950	58,60,000	57,45,000	...	1,15,000	57,67,000	22,000	...
27.—Loss by Exchange on Transactions with London ...	1,42,97,220	2,33,20,000	2,13,51,000	...	19,69,000	1,60,00,000	...	53,51,000
28.—Miscellaneous ...	29,22,134	16,82,000	19,87,000	3,05,000	...	16,36,000	...	3,51,000
Famine Relief.. ...	59,51,913	...	1,91,10,000	1,91,10,000	...	1,12,50,000	.	48,60,000
TOTAL CIVIL ..	25,29,17,897	25,07,61,000	27,62,45,000	2,54,84,000	...	26,01,69,000	...	1,60,76,000
Army	11,72,52,640	11,82,07,000	11,86,00,000	3,93,000	...	12,07,00,000	21,00,000	..
Public Works Ordinary ...	4,33,25,886	3,91,03,000	4,00,08,000	6,05,000	..	3,86,69,000	...	13,39,000
State Railways	21,47,130	29,20,000	26,54,000	...	2,66,000	48,30,000	21,76,000	...
Land and Supervision (Guaranteed Railways) ...	8,33,130	9,30,000	9,12,000		18,000	7,80,000	.	1,32,000
TOTAL ORDINARY .	41,64,76,683	41,22,21,000	43,84,19,000	2,61,98,000	...	42,51,48,000	...	1,32,71,000
Public Works Extraordinary .	3,52,27,210	3,01,59,000	3,14,54,000	12,95,000	...	2,89,35,000	.	25,19,000
Balances of Local Governments Increased ...	4,41,884	1,68,000	4,03,000	2,35,000		10,29,000	6,26,000	...
GRAND TOTAL .	45,21,45,777	44,25,48,000	47,02,76,000	2,77,28,000	..	45,51,12,000	...	1,51,64,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

II

REVENUE AND EXPENDITURE AT THE HOME

REVENUE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with the Regular Estimates, 1876-77. Increase.	Decrease.
	£	£	£	£	£	£	£	£
I.—Land Revenue ...	...	...	...	...	...	...	...	...
X.—Mint ...	30	...	...	...	...	...	...	...
XII.—Telegraph ...	17,122	8,500	14,900	6,400	...	6,100	...	8,800
XV.—Marine ...	700	...	...	...	...	...	...	...
XVI.—Education ...	...	...	...	...	...	...	...	...
XVII.—Interest ...	36,273	20,000	10,000	...	10,000	10,000	...	...
XVIII.—Receipts in aid of Superannuation, Retired and Compassionate Allowances	92,999	89,600	91,600	2,000	...	91,500	...	100
XX.—Miscellaneous ...	18,833	20,600	41,700	21,100	...	12,000	...	29,700
TOTAL ...	165,957	138,700	158,200	19,500	...	119,600	...	38,600
Army	107,149	37,200	47,600	10,400	...	47,000	...	600
Public Works Ordinary ...	17,551	18,000	17,700	...	300	18,100	400	...
Irrigation	267	...	...	...	...	...	...	...
GRAND TOTAL ...	290,924	193,900	223,500	29,600	...	184,700	...	38,800

Fort William;
Financial Department,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

TREASURY OF THE GOVERNMENT OF INDIA.

EXPENDITURE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77.	
							Increase.	Decrease.
	£	£	£	£	£	£	£	£
1.—Interest on Funded and Unfunded Debt ...	2,160,855	2,253,600	2,306,700	53,100	...	2,486,500	179,800	...
2.—Interest on Service Funds and other Accounts ...	533	...	...	...	...	...	...	...
4.—Land Revenue ...	4,284	5,200	4,600	...	600	4,400	...	200
5.—Forest	2,548	2,500	2,600	100	...	2,600	...	...
6.—Excise	...	...	2,100	2,100	...	...	...	2,100
7.—Customs	144	...	100	100	...	...	...	100
8.—Salt	280	400	3,100	2,700	...	...	...	3,100
9.—Opium	714	1,000	...	...	1,000	...	...	...
10.—Stamps	35,270	31,300	25,300	...	6,000	25,900	600	...
11.—Mint	25,350	15,000	41,300	26,300	...	3,200	...	38,100
12.—Post Office	65,127	82,600	78,000	...	4,600	98,000	20,000	...
13.—Telegraph	85,162	106,700	106,800	100	...	101,400	...	5,400
14.—Administration ...	232,975	223,000	234,000	11,000	...	224,600	...	9,400
15.—Minor Departments ...	35,788	37,600	37,700	100	...	44,600	6,900	...
16.—Law and Justice ...	1,471	2,800	1,900	...	900	5,100	3,200	...
18.—Marine	198,419	172,600	177,600	5,000	...	144,800	...	32,800
19.—Education	300	600	900	300	...	600	...	300
20.—Ecclesiastical	1,055	900	3,300	2,400	...	1,400	...	1,900
22.—Stationery and Printing...	209,032	120,500	169,000	48,500	...	178,700	9,700	...
23.—Political	15,293	55,600	18,300	...	37,300	69,500	51,200	...
24.—Allowance, &c. ...	19,336	20,800	21,100	300	...	21,100	...	...
25.—Civil Furlough and Absentee Allowances ...	228,431	223,000	240,000	17,000	...	238,000	...	2,000
26.—Superannuation, &c. ...	1,140,510	1,210,000	1,226,000	16,000	...	1,236,000	10,000	...
28.—Miscellaneous... ...	38,431	33,000	44,000	11,000	...	39,000	...	5,000
Famine Relief... ...	588	...	...	...	...	...	...	...
Total ...	4,501,896	4,598,700	4,744,400	145,700	...	4,925,400	181,000	...
Army	3,583,195	4,158,300	4,347,700	189,400	...	4,168,600	...	179,100
Public Works Ordinary ...	94,649	90,500	91,400	900	...	102,700	11,300	...
State Railways	...	5,000	...	...	5,000	...	...	...
Guaranteed Interest less Net Traffic Receipts	975,310	1,260,000	419,300	...	840,700	1,000,000	580,700	...
Total Ordinary ...	9,155,050	10,112,500	9,602,800	...	509,700	10,196,700	593,900	...
Public Works Extraordinary ...	747,908	743,100	654,600	...	88,500	734,500	79,900	...
GRAND TOTAL ...	9,902,958	10,855,600	10,257,400	...	598,200	10,931,200	673,800	...

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

IV.

RECEIPTS AND DISBURSEMENTS AT THE TREASURIES O

RECEIPTS.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Estimates, 1877-78, compared with Regular Estimates, 1876-77. Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I.—Opening balance ...	17,97,41,843	16,99,08,000	17,87,24,000	88,16,000	...	12,68,78,000	...	5,18,46,000
II.—Imperial revenue ...	52,51,57,887	51,49,54,000	51,20,67,000	...	28,87,000	52,19,27,000	98,60,000	...
III.—Traffic earnings of guaranteed railways	8,96,71,083	8,53,02,000	10,31,74,000	1,78,72,000	...	9,27,94,000	...	1,03,80,000
IV.—Local revenue ...	4,11,81,370	3,47,08,000	3,51,99,000	4,91,000	...	3,59,03,000	7,04,000	...
V.—Service funds, civil ...	54,41,655	55,00,000	53,40,000	...	1,60,000	53,80,000	40,000	...
VI.—Service funds, military	743	...	...	...	...	...	...	...
VII.—Loans to native states, corporations and individuals repaid ...	17,13,110	15,20,000	13,80,000	...	1,40,000	15,80,000	2,00,000	...
VIII.—Savings banks' deposits	73,75,388	70,00,000	57,60,000	...	12,40,000	55,80,000	...	1,80,000
IX.—Other deposits received & advances recovered	12,84,37,471	10,99,30,000	11,52,79,000	53,49,000	...	10,55,33,000	...	97,46,000
X.—Local remittances ...	88,58,810	30,00,000	70,00,000	40,00,000	...	80,00,000	10,00,000	...
XI.—Inter-provincial and inter-departmental transactions ...	16,55,32,950	17,00,00,000	17,00,00,000	...	...	17,00,00,000	...	...
XII.—Remittance account with the Home Treasury ...	1,30,16,030	1,01,90,000	1,39,90,000	38,00,000	...	1,17,00,000	...	22,90,000
XIII.—Secretary of State's bills on India sold*	12,38,96,130	13,66,00,000	12,75,00,000	...	91,00,000	12,25,00,000	...	50,00,000
XIV.—Sundry obligations incurred ...	60,79,462	50,00,000	55,10,000	5,10,000	...	56,80,000	1,70,000	...
XV.—Public debt incurred*	4,58,53,400	3,47,00,000	5,81,40,000	2,34,40,000	...	7,37,80,000	1,56,40,000	...
XVI.—Guaranteed railway capital received ...	3,36,96,442	2,37,82,000	2,63,56,000	25,74,000	...	2,15,12,000	...	48,44,000
TOTAL ...	137,56,53,774	131,20,94,000	136,54,19,000	5,33,25,000		130,87,47,000		5,66,72,000

* The Estimates in this Statement of the amounts to be borrowed and to be supplied to the Home Treasury by Bills in 1877-78 are the best that Secretary of State will raise by Bills the exact amount stated; or that the exact amount stated will be

Abstract of the above shewing how the

ACCOUNTS, 1875-76.	Rs.		Rs.	REGULAR ESTI	Rs.
Savings banks' deposits ...	8,40,206	Deficit of imperial revenue ...	2,60,17,470	Service funds, civil ...	11,40,000
Deposits received and advances recovered ...	20,18,538	Deficit of local revenue	40,22,930	Savings banks' deposits ...	10,60,000
Service funds, civil ...	11,18,471	Service funds, military ...	41,36,267	Public debt incurred ...	3,72,40,000
Sundry obligations ...	36,118	Loans to native states, corporations and individuals...	38,74,876	Sundry obligations ...	12,15,000
Remittances	23,56,914	Guaranteed Railway Capital withdrawn	1,04,31,836	Cash balance reduced ...	5,18,46,000
Public debt incurred ...	4,10,95,219				
Cash balance reduced ...	10,17,913				
TOTAL ...	4,84,83,379	TOTAL ...	4,84,83,379	TOTAL ...	9,25,01,000

Fort William;
FINANCIAL DEPARTMENT,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

DISBURSEMENTS.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Estimates, 1877-78, compared with Regular Estimates, 1876-77. Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—Imperial expenditure ...	55,11,75,357	55,11,04,000	57,28,50,000	2,17,46,000	...	56,44,24,000	...	84,26,000
—Working expenses of guaranteed railways ...	4,70,32,997	4,59,17,000	5,35,44,000	76,27,000	...	4,84,51,000	...	50,93,000
3.—Surplus profits paid to railway companies ...	22,72,502	19,50,000	29,94,000	10,44,000	...	40,00,000	10,06,000	...
4.—Credited to Government as gain from contract rates of exchange on railway revenue account ...	32,15,686	27,07,000	37,28,000	10,21,000	...	31,61,000	...	5,67,000
5.—Interest on guaranteed railway capital supplied from surplus earnings...	3,71,49,898	3,47,28,000	4,29,08,000	81,80,000	...	3,71,82,000	...	57,26,000
6.—Local expenditure ...	4,52,04,300	3,73,90,000	3,80,76,000	6,86,000	...	3,45,06,000	...	35,70,000
—Service funds, civil ...	43,23,184	46,10,000	42,00,000	...	4,10,000	45,70,000	3,70,000	...
—Service funds, military ...	41,37,010	26,80,000	27,69,000	89,000	...	28,33,000	64,000	...
—Loans advanced to native states, corporations and individuals ...	55,87,986	60,00,000	75,10,000	15,10,000	...	65,80,000	...	9,30,000
—Savings banks' deposits withdrawn ...	65,35,182	65,00,000	47,00,000	...	18,00,000	50,80,000	3,80,000	...
—Other deposits repaid and advances made ...	12,64,18,933	10,89,78,000	12,01,99,000	1,12,21,000	...	10,97,80,000	...	1,04,19,000
—Local remittances ...	72,52,285	30,00,000	80,00,000	50,00,000	...	80,00,000	...	...
—Inter-provincial and inter-departmental transactions ...	15,81,86,631	17,00,00,000	17,25,00,000	25,00,000	...	17,00,00,000	...	25,00,000
—Remittance account with the home treasury ...	1,26,97,260	1,36,60,000	1,66,90,000	30,30,000	...	1,21,62,000	...	45,28,000
—Secretary of state's bills on India paid ...	13,08,10,830	13,66,00,000	12,41,80,000	...	1,24,20,000	12,25,00,000	...	16,80,000
—Sundry obligations discharged ...	60,43,344	42,40,000	42,95,000	55,000	...	39,25,000	...	3,70,000
—Public debt discharged ...	47,58,181	49,20,000	2,09,00,000	1,59,80,000	...	87,80,000	...	1,21,20,000
—Credited to Government as gain from contract rates of exchange on railway capital account	3,55,925	3,56,000	5,16,000	1,60,000	...	3,39,000	...	1,77,000
—Guaranteed railway capital withdrawn ...	4,37,72,353	2,44,69,000	3,79,82,000	1,35,13,000	...	2,73,62,000	...	1,06,20,000
—Closing balance ...	17,87,23,930	15,22,85,000	12,68,78,000	...	2,54,07,000	13,51,12,000	82,34,000	...
TOTAL ...	137,56,53,774	131,20,94,000	136,54,19,000	5,33,25,000	...	130,87,47,000	...	5,66,72,000

can now be made; but they are subject to modification as the year goes on; the Government must not be understood to pledge itself that the borrowed during the year; or that it will be borrowed in India or in England as the case may be

Ways and Means are provided.

ESTIMATES, 1876-77.

	Rs.
Deficit of imperial revenue ...	6,07,83,000
Deficit of local revenue	28,77,000
Service funds, military ...	27,69,000
Loans to native states, corporations and individuals	61,30,000
Deposits repaid ...	49,20,000
Remittances ...	28,80,000
Guaranteed railway capital withdrawn ...	1,21,42,000
TOTAL ...	9,25,01,000

BUDGET ESTIMATES, 1877-78.

	Rs.
Service funds, civil ...	8,10,000
Surplus of local revenue ...	13,97,000
Savings banks' deposits ...	5,00,000
Sundry obligations ...	17,55,000
Public debt incurred ...	6,50,00,000
TOTAL ...	6,94,62,000

	Rs.
Deficit of imperial revenue	4,24,97,000
Service funds, military ...	28,33,000
Loans to native states, corporations and individuals	50,00,000
Deposits repaid and advances made ...	42,47,000
Guaranteed railway capital withdrawn ...	61,89,000
Remittances ...	4,62,000
Cash balance increased ...	82,34,000
TOTAL ...	6,94,62,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

RECEIPTS AND DISBURSEMENTS AT THE TREASU

RECEIPTS.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Estimates, 1877-7 compared with Reg Estimates, 1876-7	
							Increase.	Decre
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I.—Opening balance ..	15,17,78,143	16,24,32,000	16,95,25,000	70,93,000	...	11,53,97,000	* ..	5,41,28
II.—Imperial revenue ...	52,22,48,647	51,30,15,000	50,98,32,000	...	31,83,000	52,00,80,000	1,02,48,000	...
III.—Traffic earnings of guaranteed railways	8,96,62,183	8,58,02,000	10,31,74,000	1,78,72,000	...	9,27,94,000	...	1,03,80,0
IV.—Local revenue ...	4,11,81,370	3,47,08,000	3,51,99,000	4,91,000	...	3,59,03,000	7,04,000	...
V.—Service funds, civil ...	54,41,655	55,00,000	53,40,000	...	1,60,000	53,80,000	40,000	...
VI.—Service funds, military	743	...	...	...	...	...	...	...
VII.—Loans to native states, corporations and individuals repaid ...	17,13,110	15,20,000	13,80,000	...	1,40,000	15,80,000	2,00,000	...
VIII.—Savings banks' deposits	73,75,388	70,00,000	57,60,000	...	12,40,000	55,80,000	...	1,80,0
IX.—Other deposits received & advances recovered	12,81,31,261	10,98,90,000	11,42,08,000	43,18,000	...	10,54,93,000	...	87,15,0
X.—Local remittances ...	88,58,810	30,00,000	70,00,000	40,00,000	...	80,00,000	10,00,000	...
XI.—Inter-provincial and inter-departmental transactions ...	16,55,32,950	17,00,00,000	17,00,00,000	...	...	17,00,00,000	...	...
XII.—Remittance account with the Home Treasury ..	1,20,72,130	87,90,000	1,30,70,000	42,80,000	...	1,02,20,000	...	28,50,0
XIII.—Secretary of State's bills on India sold* ..	...	...	...	...	...	...	...	...
XIV.—Sundry obligations incurred ...	60,79,462	50,00,000	55,10,000	5,10,000	...	56,80,000	1,70,000	...
XV.—Public debt incurred*	3,38,53,400	83,00,000	71,40,000	...	11,60,000	3,62,80,000	2,91,40,000	...
XVI.—Guaranteed railway capital received ...	1,68,27,412	1,46,12,000	1,74,19,000	28,07,000	...	1,63,68,000	...	10,51,0
TOTAL ...	119,07,56,664	112,90,69,000	116,45,57,000	3,54,88,000		1,12,87,55,000		3,58,02,0

* The Estimates in this Statement of the amounts to be borrowed and to be supplied to the Home Treasury by Bills in 1877-78 are the best t Secretary of State will raise by Bills the exact amount stated; or that the exact amount stated

Abstract of the above showing how tr

ACCOUNTS, 1875-76.	Rs.		Rs.	REGULAR EST	Rs.
Surplus of imperial revenue ...	7,01,02,870	Deficit of local revenue	40,22,930	Surplus of imperial revenue ...	3,95,56,000
Guaranteed railway traffic earnings ...	3,68,06,862	Service funds, military ...	41,36,267	Guaranteed railway traffic earnings ...	4,26,67,000
Deposits received and advances recovered ...	18,29,648	Loans to native states, corporations and individuals	38,74,876	Service funds, civil ...	11,40,000
Service funds, civil ...	11,18,471	Secretary of state's bills paid	13,08,10,830	Savings banks' deposits ...	10,60,000
Savings banks' deposits ...	8,40,206	Cash balance increased ...	1,77,46,797	Remittances ...	75,10,000
Remittances ...	1,90,92,392			Sundry obligations ...	12,15,000
Public debt incurred ...	2,90,95,219			Guaranteed railway capital received ...	33,91,000
Sundry obligations ...	36,118			Cash balance reduced ...	5,41,28,000
Guaranteed railway capital received ...	16,69,914				
TOTAL ...	16,05,91,700	TOTAL ...	16,05,91,700	TOTAL ...	15,06,67,000

Fort William;
FINANCIAL DEPARTMENT,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

OF THE GOVERNMENT OF INDIA IN INDIA.

DISBURSEMENTS.	ACCOUNTS, 1875-76.	BUDGET ESTIMATES, 1876-77.	REGULAR ESTIMATES, 1876-77.	INCREASE.	DECREASE.	BUDGET ESTIMATES, 1877-78.	ESTIMATES, 1877-78, COMPARED WITH REGULAR ESTIMATES, 1876-77.	
							Increase.	Decrease.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.—IMPERIAL EXPENDITURE	45,21,45,777	44,25,48,000	47,02,76,000	2,77,28,000	...	45,51,12,000	...	1,51,64,000
2.—WORKING EXPENSES OF GUARANTEED RAILWAYS ...	4,70,32,997	4,59,17,000	5,35,44,000	76,27,000	...	4,84,51,000	...	50,93,000
3.—SURPLUS PROFITS PAID TO RAILWAY COMPANIES ...	22,72,502	19,50,000	29,94,000	10,44,000	...	40,00,000	10,06,000	...
4.—CREDITED TO GOVERNMENT AS GAIN FROM CONTRACT RATES OF EXCHANGE ON RAILWAY REVENUE ACCOUNT ...	32,15,686	27,07,000	37,28,000	10,21,000	...	31,61,000	...	5,67,000
5.—INTEREST ON GUARANTEED RAILWAY CAPITAL SUPPLIED FROM SURPLUS EARNINGS...	3,34,136	3,28,000	2,41,000	...	87,000	2,62,000	21,000	...
6.—LOCAL EXPENDITURE ...	4,52,04,300	3,73,90,000	3,80,76,000	6,86,000	..	3,45,06,000	...	35,70,000
7.—SERVICE FUNDS, CIVIL ...	43,23,184	46,10,000	42,00,000	...	4,10,000	45,70,000	3,70,000	...
8.—SERVICE FUNDS, MILITARY ...	41,37,010	26,80,000	27,69,000	89,000	...	28,33,000	64,000	...
9.—LOANS ADVANCED TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS ...	55,87,986	60,00,000	75,10,000	15,10,000	...	65,80,000	...	9,30,000
10.—SAVINGS BANKS' DEPOSITS WITHDRAWN ...	65,35,182	65,00,000	47,00,000	...	18,00,000	50,80,000	3,80,000	...
11.—OTHER DEPOSITS REPAID AND ADVANCES MADE ...	12,63,01,613	10,89,38,000	12,01,59,000	1,12,21,000	...	10,97,40,000	...	1,04,19,000
12.—LOCAL REMITTANCES ...	72,52,287	30,00,000	80,00,000	50,00,000	...	80,00,000	...	...
13.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	15,81,86,631	17,00,00,000	17,25,00,000	25,00,000	...	17,00,00,000	...	25,00,000
14.—REMITTANCE ACCOUNT WITH THE HOME TREASURY ...	19,32,580	13,90,000	20,60,000	6,70,000	...	11,70,000	...	8,90,000
15.—SECRETARY OF STATE'S BILLS ON INDIA PAID ...	13,08,10,830	13,66,00,000	12,41,80,000	...	1,24,20,000	12,25,00,000	...	16,80,000
16.—SUNDRY OBLIGATIONS DISCHARGED ...	60,43,344	42,40,000	42,95,000	55,000	...	39,25,000	...	3,70,000
17.—PUBLIC DEBT DISCHARGED ...	47,58,181	49,20,000	1,59,00,000	1,09,80,000	...	87,80,000	...	71,20,000
18.—CREDITED TO GOVERNMENT AS GAIN FROM CONTRACT RATES OF EXCHANGE ON RAILWAY CAPITAL ACCOUNT	3,55,925	3,56,000	5,16,000	1,60,000	...	3,39,000	...	1,77,000
19.—GUARANTEED RAILWAY CAPITAL WITHDRAWN ...	1,48,01,573	1,34,69,000	1,35,12,000	43,000	...	1,47,46,000	12,34,000	...
20.—CLOSING BALANCE ...	16,95,24,940	13,55,26,000	11,53,97,000	...	2,01,29,000	12,50,00,000	96,03,000	...
TOTAL ...	119,07,56,664	112,90,69,000	116,45,57,000	3,54,88,000	...	112,87,55,000	...	3,58,02,000

can now be made; but they are subject to modification as the year goes on; the Government must not be understood to pledge itself that the be borrowed during the year; or that it will be borrowed in India or in England as the case may be.

Ways and Means are provided.

MATES, 1876-77.

	Rs.
DEFICIT OF LOCAL REVENUE	28,77,000
SERVICE FUNDS, MILITARY ...	27,69,000
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	61,30,000
DEPOSITS REPAID AND ADVANCES MADE ...	59,51,000
SECRETARY OF STATE'S BILLS PAID ...	12,41,80,000
PUBLIC DEBT DISCHARGED ...	87,60,000
TOTAL ...	15,06,67,000

BUDGET ESTIMATES, 1877-78.

	Rs.
SURPLUS OF IMPERIAL REVENUE	6,49,68,000
SURPLUS OF LOCAL REVENUE ...	13,97,000
GUARANTEED RAILWAY TRAFFIC EARNINGS ...	3,69,20,000
SERVICE FUNDS, CIVIL ...	8,10,000
SAVINGS BANKS' DEPOSITS ...	5,00,000
REMITTANCES ...	90,50,000
SUNDRY OBLIGATIONS ...	17,55,000
PUBLIC DEBT INCURRED ...	2,75,00,000
GUARANTEED RAILWAY CAPITAL RECEIVED... ...	12,83,000
TOTAL ...	14,41,83,000

	Rs.
SERVICE FUNDS, MILITARY ...	28,33,000
LOANS TO NATIVE STATES, CORPORATIONS AND INDIVIDUALS	50,00,000
DEPOSITS REPAID AND ADVANCES MADE ...	42,47,000
SECRETARY OF STATE'S BILLS PAID ...	12,25,00,000
CASH BALANCE INCREASED ...	96,03,000
TOTAL ...	14,41,83,000

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

VI.

RECEIPTS AND DISBURSEMENTS AT THE HOME

RECEIPTS.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase	Decrease	Budget Estimates, 1877-78.	Estimates, 1877-78, compared with Regular Estimates, 1876-77	
							Increase	Decrease.
	£	£	£	£	£	£	£	£
I.—Opening balance ...	2,796,370	747,600	919,900	172,300	..	1,148,100	228,200	...
II.—Imperial revenue ...	290,924	193,900	223,500	29,600	...	184,700		38,800
III.—Traffic earnings of guaranteed railways	890	...	...	..	...	...	.	...
X.—Other deposits received and advances recovered ...	30,621	4,000	107,100	103,100	...	4,000	...	103,100
XIII.—Remittance account with the Home Treasury ...	94,390	140,000	92,000	...	48,000	148,000	56,000	...
XIV.—Secretary of State's bills on India sold*	12,389,613	13,660,000	12,750,000	.	910,000	12,250,000		500,000
XVI.—Public debt incurred*	1,200,000	2,640,000	5,100,000	2,460,000	..	3,750,000	...	1,350,000
XVII.—Guaranteed railway capital received ...	1,686,903	917,000	893,700	..	23,300	514,400	...	379,300
TOTAL ...	18,489,711	18,302,500	20,086,200	1,783,700	...	17,999,200		2,087,000

* The Estimates in this Statement of the amounts to be borrowed and to be supplied to the Home Treasury by Bills in 1877-78 are the best
the Secretary of State will raise by Bills the exact amount stated; or that the exact amount stated will

Abstract of the above showing how the

ACCOUNTS, 1875-76.

	£		£
Secretary of State's bills sold ...	12,389,613	Deficit of revenue ..	8,636,721
Deposits received and advances recovered ...	18,889	Interest on guaranteed railway capital ...	4,655,996
Public debt incurred *...	1,200,000	Remittances ...	982,078
Cash balance reduced ...	1,876,471	Guaranteed railway capital withdrawn ..	1,210,175
TOTAL ...	15,484,973	TOTAL	15,484,973

REGULAR ESTI

	£
Secretary of State's bills sold .	12,750,000
Public debt incurred ..	4,600,000
Deposits received and advances recovered ...	103,100
TOTAL ...	17,453,100

Fort William;
Financial Department,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

TREASURY OF THE GOVERNMENT OF INDIA IN ENGLAND.

DISBURSEMENTS.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Increase.	Decrease.	Budget Estimates, 1877-78.	Estimates, 1877-78, compared with Regular Estimates, 1876-77. Increase.	Decrease.
	£	£	£	£	£	£	£	£
1.—Imperial expenditure ..	8,927,648	9,595,600	9,838,100	242,500	...	9,931,200	93,100	...
4.—Interest on guaranteed railway capital supplied from surplus earnings	4,656,886	4,700,000	4,686,000	.	14,000	4,692,000	6,000	...
11.—Other deposits repaid and advances made ...	11,732	4,000	4,000	..	...	4,000	...	..
14.—Remittance account with the home treasury ...	1,076,468	1,227,000	1,463,000	236,000	...	1,099,200	...	363,800
17.—Public debt discharged	..	...	500,000	500,000	...		...	500,000
18.—Guaranteed railway capital withdrawn ...	2,897,078	1,100,000	2,447,000	1,347,000	...	1,261,600	...	1,185,400
20.—Closing balance ...	919,899	1,675,900	1,148,100	.	527,800	1,011,200	...	136,900
TOTAL ...	18,489,711	18,302,500	20,086,200	1,783,700	...	17,999,200	...	2,087,000

that can now be made; but they are subject to modification as the year goes on; the Government must not be understood to pledge itself that be borrowed during the year; or that it will be borrowed in India or in England as the case may be.

Ways and Means are provided.

MATES, 1876-77.	£	BUDGET ESTIMATES, 1877-78.	£		£
Deficit of revenue .	9,611,600	Secretary of state's bills sold ...	12,250,000	Deficit of revenue ...	9,746,500
Interest on guaranteed railway capital ...	4,686,000	Public debt incurred ...	3,750,000	Interest on guaranteed railway capital ...	4,692,000
Remittances ...	1,371,000	Cash balance reduced ...	136,900	Remittances ...	951,200
Guaranteed railway capital withdrawn ...	1,553,300			Guaranteed railway capital withdrawn ...	747,200
Cash balance increased ..	228,200				
TOTAL ...	17,453,100	TOTAL ..	16,136,900	TOTAL ...	16,136,900

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

LO[illegible]VENUE AND EX[illegible]RE.

Estimates, 1877-78.

REVENUE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Regular Estimates, compared with Budget Estimates, 1876-77.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Opening balance ..	2,13,65,750	1,73,42,820	1,73,42,820	...	1,44,65,820	—28,77,000
Taxes, rates and cesses—						
On lands ...	1,90,22,660	2,09,90,570	1,94,24,000	—15,66,570	2,10,12,000	+15,88,000
On houses ...	5,73,820	5,23,380	6,62,000	+ 1,38,620	6,65,000	+ 3,000
Assessed taxes ...	1,85,740	1,75,810	1,77,000	+ 1,190	1,88,000	+ 11,000
Miscellaneous taxes—						
Octroi ...	56,330	87,860	54,000	— 33,860	63,000	+ 9,000
License ...	3,61,900	3,64,810	3,75,000	+ 10,190	3,71,000	— 4,000
Miscellaneous ...	1,83,170	30,160	40,000	+ 9,840	30,000	— 10,000
	2,03,83,620	2,21,72,590	2,07,32,000	—14,40,590	2,23,29,000	+15,97,000
Departmental receipts—						
Jails ...	31,030	41,770	52,000	+ 10,230	55,000	+ 3,000
Registration ...	54,640	46,560	93,000	+ 46,440	1,08,000	+ 15,000
Police ...	3,54,030	2,92,850	2,20,000	— 72,850	2,58,000	+ 38,000
Education ...	6,30,380	4,91,990	4,93,000	+ 1,010	5,19,000	+ 26,000
Medical ...	73,830	67,900	76,000	+ 8,100	70,000	— 6,000
Printing ...	730	4,000	4,000	...	...	— 4,000
Marine ...	2,57,900	2,19,240	2,02,000	— 17,240	2,30,000	+ 28,000
	14,02,540	11,64,310	11,40,000	— 24,310	12,40,000	+ 100,000
Miscellaneous receipts—						
Tolls ...	27,55,170	26,47,470	26,71,000	+ 23,530	26,38,000	— 33,000
Port dues ..	8,61,470	7,88,450	7,87,000	— 1,450	8,64,000	+ 77,000
Interest ...	1,13,120	3,31,100	3,83,000	+ 51,900	3,82,000	— 1,000
Rents ...	8,82,680	7,59,180	6,87,000	— 72,180	8,16,000	+ 1,29,000
Sale of lands, houses, &c.	1,96,930	2,45,520	2,17,000	— 28,520	1,42,000	— 75,000
Cattle trespass fines ...	10,19,450	10,18,380	10,88,000	+ 69,620	10,40,000	— 48,000
Miscellaneous fees and fines	7,69,710	8,11,780	7,52,000	— 59,780	7,41,000	— 11,000
Contributions ...	5,02,350	5,29,260	5,77,000	+ 47,740	5,46,000	— 31,000
Sundry receipts ...	23,57,080	7,14,420	16,66,000	+ 9,51,580	9,40,000	— 7,26,000
	94,57,960	78,45,560	88,28,000	+ 9,82,440	81,09,000	— 7,19,000
Contributions ...	64,33,500	10,00,460	16,43,000	+ 6,42,540	12,40,000	— 4,03,000
Public works ...	15,64,190	18,67,660	15,63,000	— 3,04,660	14,70,000	— 93,000
Total revenue ...	3,92,41,810	3,40,50,580	3,39,06,000	— 1,44,580	3,43,88,000	+ 4,82,000
Debt accounts ..	14,97,680	4,89,420	8,90,000	+ 4,00,580	4,86,000	— 4,04,000
Balances of the Local Governments increased	4,41,880	1,68,000	4,03,000	+ 2,35,000	10,29,000	+ 6,26,000
	4,11,81,370	3,47,08,000	3,51,99,000	+ 4,91,000	3,59,03,000	+ 7,04,000
GRAND TOTAL ... Rs.	6,25,47,120	5,20,50,820	5,25,41,820	+ 4,91,000	5,03,68,820	—21,73,000

EXPENDITURE.	Accounts, 1875-76.	Budget Estimates, 1876-77.	Regular Estimates, 1876-77.	Regular Estimates, compared with Budget Estimates, 1876-77.	Budget Estimates, 1877-78.	Budget Estimates, 1877-78, compared with Regular Estimates, 1876-77.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Refunds ...	6,75,630	1,73,660	4,11,000	+ 2,37,340	1,16,000	— 2,95,000
Collection of taxes and cesses ...	2,42,880	2,52,790	2,43,000	— 9,790	2,38,000	— 5,000
Jails ...	30,970	14,700	15,000	+ 300	13,000	— 2,000
Registration ...	40,250	39,450	45,000	+ 5,550	57,000	+ 12,000
Police ...	31,43,680	31,11,350	30,83,000	— 28,350	31,29,000	+ 46,000
Education ...	29,90,220	32,54,090	33,06,000	+ 51,910	32,59,000	— 47,000
Medical ...	8,43,090	9,92,440	9,38,000	— 54,440	10,05,000	+ 67,000
Printing ...	7,200	7,910	12,000	+ 4,090	5,000	— 7,000
Marine ...	5,26,780	6,96,470	6,54,000	— 42,470	6,95,000	+ 41,000
Minor establishments—						
General management ...	9,23,060	6,56,870	8,94,000	+ 2,37,130	9,03,000	+ 9,000
Model farms ...	...	...	...	...	...	...
Botanical and other public gardens ...	55,880	51,790	52,000	+ 210	51,000	— 1,000
Collection of tolls, rates, rents, &c. ...	1,42,110	1,53,810	1,91,000	+ 37,190	1,64,000	— 27,000
Collection of cattle trespass fines ...	3,56,780	4,13,460	3,82,000	— 31,460	4,31,000	+ 49,000
Cemeteries ...	2,620	2,240	3,000	+ 760	3,000	...
District post ...	5,42,050	5,61,570	5,46,000	— 15,570	5,77,000	+ 31,000
Miscellaneous establishments	55,64,620	58,81,310	52,60,000	— 6,21,310	56,31,000	+ 3,71,000
	75,87,120	77,21,050	73,28,000	— 3,93,050	77,60,000	+ 4,32,000
Miscellaneous ...	42,35,500	10,73,260	22,14,000	+11,40,740	10,17,000	—11,97,000
Contributions ...	17,61,710	10,74,240	16,26,000	+ 5,51,760	10,97,000	— 5,29,000
	2,20,85,030	1,84,11,410	1,98,75,000	+14,63,590	1,83,91,000	—14,84,000
Public works ...	1,93,39,740	1,71,31,680	1,66,19,000	— 5,12,680	1,52,27,000	—13,92,000
Total expenditure ...	4,14,24,770	3,55,43,090	3,64,94,000	+ 9,50,910	3,36,18,000	—28,76,000
Debt accounts ...	14,45,940	1,96,910	3,95,000	+ 1,98,090	5,50,000	+ 1,55,000
Balances of the Local Governments decreased	23,33,590	16,50,000	11,87,000	— 4,63,000	3,38,000	— 8,49,000
	4,52,04,300	3,73,90,000	3,80,76,000	+ 6,86,000	3,45,06,000	—35,70,000
Closing balance ...	1,73,42,820	1,46,60,820	1,44,65,820	— 1,95,000	1,58,62,820	+ 13,97,000
GRAND TOTAL ... Rs.	6,25,47,120	5,20,50,820	5,25,41,820	+ 4,91,000	5,03,68,820	—21,73,000

Fort William;
Financial Department,
The 15th March 1877.

EDWIN KELLNER,
Offg. Deputy Comptroller General.

E. F. HARRISON,
Comptroller General.

R. B. CHAPMAN,
Secy. to the Govt. of India.

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